COUNTY OF LOS ANGELES
TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012

MARK J. SALADINO
TREASURER AND TAX COLLECTOR

February 21, 2012

ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

#1-PA FEBRUARY 21, 2012

Sachi A. Hamai
SACHI A. HAMAI
EXECUTIVE OFFICER

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

The Board of Directors of the Parking
Authority
of the County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

**ISSUANCE AND SALE OF COUNTY OF LOS ANGELES
2012 REFUNDING CERTIFICATES OF PARTICIPATION
(DISNEY CONCERT HALL PARKING GARAGE)
(ALL DISTRICTS) (4 VOTES)**

SUBJECT

The County issued certificates of participation in 1993 (the “1993 COPs”) to provide tax-exempt financing for the design, construction, and installation of the Disney Concert Hall Parking Garage, certain street and public improvements, and certain capital improvements to the Disney Concert Hall (the “Project”). In December 1998, the County issued new certificates of participation (the “1998 COPs”) to refund a portion of the outstanding 1993 COPs. As a result of favorable interest rates in the municipal bond market, the Treasurer and Tax Collector is now requesting authorization to issue additional certificates of participation in an aggregate principal amount not to exceed $60,000,000 in order to fully refund the outstanding 1998 COPs.

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding COPs") in an aggregate principal amount not to exceed $60,000,000 for the purpose of fully refunding the 1998 COPs and providing debt service savings to the County.

Adopt the Resolution authorizing all necessary actions related to the issuance and sale of the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) in an aggregate principal amount not to exceed $60,000,000 for the purpose of fully refunding the 1998 COPs and providing debt service savings to the County.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

With interest rates in the municipal bond market at historically low levels, the issuance of the 2012 Refunding COPs to refinance the 1998 COPs will result in significant savings to the County by reducing the annual base rental expenditures and debt service payments related to the financing of the Project.

Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal #1: Operational Effectiveness by providing a cost-effective financing solution for the construction and improvement of County-owned facilities.

FISCAL IMPACT/FINANCING

The 2012 Refunding COPs will be issued as fixed-rated obligations and will be structured to match the 11-year remaining term of the 1998 COPs. Based on an analysis of current market conditions, the 2012 Refunding COPs will generate approximately $9 million of gross savings to the County General Fund. The estimated true interest cost of 3.2% on the 2012 Refunding COPs will provide a significant financial benefit to the County in comparison to the 4.75% average interest rate on the 1998 COPs. The issuance of the 2012 Refunding COPs is expected to provide budgetary savings to the County General Fund in the range of $500,000 to $1.5 million in each of the next 11 years. The principal amount of the 2012 Refunding COPs will not exceed the maximum authorization of $60,000,000.

The Treasurer and Tax Collector is recommending a negotiated sale of the 2012 Refunding COPs. Based on the results of a competitive solicitation process, Wells Fargo Securities was selected as the senior managing underwriter and De La Rosa & Co. as co-senior manager for this transaction. Public Resources Advisory Group has been selected as the financial advisor, and Orrick, Herrington & Sutcliffe LLP and Hawkins Delafield & Wood will serve as bond counsel and underwriter's counsel, respectively.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The County issued the original 1993 COPs to finance the design, construction, and installation of the Disney Concert Hall Parking Garage, certain street and other public improvements in connection with the parking garage, and certain improvements to the Disney Concert Hall. In order to accomplish the financing of the Project, the County leased certain real property (the "Garage Parcel") to the Parking Authority of the County of Los Angeles (the "Authority") pursuant to a Garage Site Lease, and then leased back the Garage Parcel and the Garage Project (collectively, the “Leased Premises”) from the Authority pursuant to a Garage Sublease (the “Original Sublease”). The 1993 COPs represented undivided proportionate interests in the Original Sublease, including the right to receive base rental payments on the Leased Premises. To further facilitate the sale of the 1993 COPs, the Authority assigned and transferred certain of its rights, title and interest in the Site Lease and the Original Sublease, including all rights to receive the base rental payments, to State Street Bank and Trust Company of California, N.A., as predecessor trustee to U.S. Bank National Association (the “Trustee”), pursuant to the Garage Assignment Agreement.

In December 1998, in order to achieve certain savings by refunding a portion of the 1993 COPs, the Authority, the County and the Trustee entered into amendments to the above legal documents and issued the 1998 COPs. To facilitate the issuance of the 2012 Refunding COPs, the County intends to enter into the Supplemental Trust Agreement No. 2 with the Trustee, which will provide for the execution and delivery of additional certificates of participation for the purpose of refunding all of the outstanding 1998 COPs. The County and the authority will also enter into the Amendment No. 2 to Garage Sublease in order to reduce the County’s base rental obligations to reflect the lower debt service payments on the 2012 Refunding COPs.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There is no impact on current services or projects.

CONCLUSION

Upon approval, it is requested that the Executive Officer-Clerk of the Board of Supervisors return two originally executed copies of the adopted resolution to the Treasurer and Tax Collector (Office of Public Finance).

Respectfully submitted,

MARK J. SALADINO
Treasurer and Tax Collector

MJS:DB:JP:pab
Pb/brdltr/disney

Enclosures

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

RESOLUTION OF THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS WITH RESPECT TO THE EXECUTION AND DELIVERY OF COUNTY OF LOS ANGELES 2012 REFUNDING CERTIFICATES OF PARTICIPATION (DISNEY CONCERT HALL PARKING GARAGE) AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH CERTIFICATES EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $60,000,000

WHEREAS, the County of Los Angeles (the "County") previously financed the design, construction, acquisition, installation and delivery of a parking garage (the "Garage Project") located beneath the Walt Disney Concert Hall (the "Concert Hall"), certain street and other public improvements in connection therewith (the "Street Improvement Project") and certain improvements to the Concert Hall (the "Concert Hall Project" and together with the Garage Project and the Street Improvement Project, the "Project"); and

WHEREAS, in order to accomplish such financing, the County leased certain real property owned by the County (the "Garage Parcel") to the Parking Authority of the County of Los Angeles (the "Authority") pursuant to a Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), and subleased the Garage Parcel and leased the Garage Project (collectively, the "Leased Premises") from the Authority pursuant to a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"); and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to finance the Project through the sale and delivery of County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "Original Certificates"), each evidencing undivided proportionate interests in the Original Sublease, including the right to receive the base rental payments ("Base Rental") to be made under the Original Sublease; and

WHEREAS, the Authority assigned and transferred certain of its rights, title and interest in and to the Site Lease and the Original Sublease, including all rights to receive the Base Rental, to State Street Bank and Trust Company of California, N.A., as predecessor trustee to U.S. Bank National Association (the "Trustee"), pursuant to the Garage Assignment Agreement, dated as of January 1, 1993; and

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the Trustee and the County, the Trustee executed and delivered the Original Certificates; and

WHEREAS, on December 3, 1998, in order to achieve certain savings by partially refinancing the Project through the refunding of a portion of the Original Certificates, the Authority, the County and the Trustee entered into an Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease" and together with the

Original Sublease, the "First Amended Sublease"), amending the Original Sublease to effect certain changes therein; and

WHEREAS, the Authority confirmed the assignment by the Authority of its interests in the Original Sublease, as amended by the First Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of December 1, 1998; and

WHEREAS, in consideration of such assignment and the execution of the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement") (capitalized undefined terms used in these recitals shall have the meanings ascribed thereto in the First Supplemented Trust Agreement), by and between the Trustee and the County, the Trustee executed and delivered County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates"), each evidencing, together with the Outstanding Original Certificates not refunded, undivided proportionate interests in the First Amended Sublease, including the right to receive Base Rental payable thereunder; and

WHEREAS, in order to achieve certain savings, the County again desires to partially refinance the Project by refunding all or a portion of the 1998 Refunding Certificates; and

WHEREAS, in order to accomplish such refinancing, it is desirable that certain provisions of the First Supplemented Trust Agreement be amended so as to provide for the execution and delivery of Additional Certificates for the purposes of refunding Outstanding Certificates upon the satisfaction of certain conditions, to effect certain other changes and to remove certain provisions relating to the substitution of a Credit Facility for funds held in the Reserve Fund and, in accordance therewith, to provide for the execution of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") to refund all or a portion of the 1998 Refunding Certificates; and

WHEREAS, Section 6.01 of the Original Trust Agreement provides that the First Supplemented Trust Agreement may be amended for any reason provided that the amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, given the conditions to be contained in such amended provisions, it has been determined that such amendments to the First Supplemented Trust Agreement do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, in connection with the purpose stated above, the County and the Authority desire that the County and the Trustee enter into the Supplemental Trust Agreement No. 2 (the "Second Supplemental Trust Agreement") to amend the First Supplemented Trust Agreement to effect such amendments therein and, in accordance therewith, to provide for the execution of the 2012 Refunding Certificates to refund all or a portion of the 1998 Refunding Certificates in accordance with the terms thereof; and

WHEREAS, in order to partially refinance the Project, it is necessary that certain provisions of the First Amended Sublease be amended to reduce the Base Rental payable thereunder and effect certain other related changes therein; and

WHEREAS, Section 21 of the Original Sublease permits the First Amended Sublease to be amended in accordance with and as permitted by Section 6.02 of the Original Trust Agreement; and

WHEREAS, Section 6.02 of the Original Trust Agreement provides that the Garage Sublease may be amended by the parties thereto, with the consent of the Trustee and without the consent of the Certificate holders, for any reason, provided that such modification or amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, it has been determined that such amendments to the First Amended Sublease do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, the County, the Authority and the Trustee desire to enter into Amendment No. 2 to Garage Sublease (the "Second Amendment to Sublease") to effect such changes to the First Amended Sublease; and

WHEREAS, the County and the Authority desire that the Authority confirm the assignment by the Authority of its interests in the First Amended Sublease, as amended by the Second Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to a Garage Assignment Agreement; and

WHEREAS, the funds to refund all or a portion of the 1998 Refunding Certificates will be applied pursuant to a Disney Concert Hall Parking Escrow Agreement (the "Escrow Agreement") between the County and U.S. Bank National Association, as escrow agent and as Trustee; and

WHEREAS, Wells Fargo Bank, N.A., on behalf of itself and on behalf of E. J. De La Rosa & Co., Inc. (collectively, the "Underwriters"), has submitted to the County a proposed form of an agreement to purchase the 2012 Refunding Certificates in the form of a Purchase Agreement (the "Purchase Agreement"); and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 ("Rule 15c2-12") requires that, in order to be able to purchase or sell the 2012 Refunding Certificates, the underwriters thereof must have reasonably determined that the County has undertaken in a written agreement or contract for the benefit of the holders of the 2012 Refunding Certificates to provide disclosure of certain financial information and operating data and certain enumerated events on an ongoing basis; and

WHEREAS, in order to cause such requirement to be satisfied, the County desires to execute a Continuing Disclosure Certificate (the "Continuing Disclosure Certificate"); and

WHEREAS, a form of the Preliminary Official Statement (the "Preliminary Official Statement") to be distributed in connection with the public offering of the 2012 Refunding Certificates has been prepared; and

WHEREAS, on July 26, 2011, the County Treasurer held a public hearing providing a reasonable opportunity for persons to comment on the refinancing of a portion of the Project and the execution and delivery of the 2012 Refunding Certificates; and

WHEREAS, on July 12, 2011, there was published, in the *Metropolitan News-Enterprise*, a newspaper of general circulation in the County, a notice that a public hearing regarding the refinancing of a portion of the Project and execution and delivery of the 2012 Refunding Certificates would be held on July 26, 2011; and

WHEREAS, the Board of Supervisors of the County (the "Board of Supervisors") is the elected legislative body of the County and is one of the applicable elected representatives required to approve the refinancing of a portion of the Project and the execution and delivery of the 2012 Refunding Certificates under Section 147(f) of the Internal Revenue Code of 1986 (the "Code"); and

WHEREAS, it is intended that this Resolution shall constitute the approval of the refinancing of a portion of the Project and the execution and delivery of the 2012 Refunding Certificates required by Section 147(f) of the Code; and

WHEREAS, the Board of Supervisors has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board of Supervisors has examined and approved each such document and desires to authorize and direct the execution of such documents and the consummation of such actions; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the County is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, THE BOARD OF SUPERVISORS OF THE COUNTY OF LOS ANGELES, DOES HEREBY RESOLVE, DETERMINE AND ORDER AS FOLLOWS:

Section 1. All of the recitals herein contained are true and correct and the Board of Supervisors so finds.

Section 2. The form of the Second Amendment to Sublease, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Chairman of the Board of Supervisors, and such other member of the Board of Supervisors as the Chairman may designate, the Treasurer and Tax Collector of the County or any authorized deputy thereof (collectively, the "County Treasurer") and such other officer or employee of the County as the County Treasurer may designate (collectively, the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Second Amendment to Sublease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of principal components of Base Rental evidenced by the 2012 Refunding Certificates shall not exceed $60,000,000 and the true interest cost applicable to the interest components of such Base Rental shall not exceed 5.00% per annum.

Section 3. The form of the Second Supplemental Trust Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Second Supplemental Trust Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery of not to exceed $60,000,000 aggregate principal amount of the 2012 Refunding Certificates, payable in the years and in the amounts, and evidencing principal and interest as specified in the Second Supplemental Trust Agreement as finally executed, are hereby authorized and approved. It is the purpose and intent of the Board of Supervisors that this Resolution constitute approval of the refinancing of a portion of the Project and the execution and delivery of the 2012 Refunding Certificates for the purposes of Section 147(f) of the Code.

Section 5. The form of the Purchase Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Purchase Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the underwriters' discount for the sale of the 2012 Refunding Certificates shall not exceed 0.40% of the aggregate principal amount of such 2012 Refunding Certificates.

Section 6. The form of the Escrow Agreement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Escrow Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7. The form of the Continuing Disclosure Certificate, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the County, to execute and deliver the Continuing Disclosure Certificate in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 8. The form of the Preliminary Official Statement, submitted to and on file with the Executive Officer-Clerk of the Board of Supervisors, with such changes therein as may be approved by an Authorized Officer, is hereby approved, and the use of the Preliminary Official Statement by the Underwriters in connection with the offering and sale of the 2012 Refunding Certificates is hereby authorized and approved. The Authorized Officers are each hereby authorized to certify on behalf of the County that the Preliminary Official Statement is deemed final as of its date, within the meaning of Rule 15c2-12 (except for the omission of certain final pricing, rating and related information as permitted by Rule 15c2-12).

Section 9. The preparation and delivery of an Official Statement, and its use by the Underwriters in connection with the offering and sale of the 2012 Refunding Certificates, is hereby authorized and approved. The Official Statement shall be in substantially the form of the Preliminary Official Statement with such changes, insertions and omissions as may be approved by an Authorized Officer, such approval to be conclusively evidenced by the delivery thereof. The Authorized Officers are each hereby authorized and directed, for and in the name of and on behalf of the County, to deliver the final Official Statement and any amendment or supplement thereto to the Underwriters.

Section 10. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 11. All actions heretofore taken by the officers, employees and agents of the County with respect to the transactions set forth above are hereby approved, confirmed and ratified.

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Section 12. This Resolution shall take effect from and after its date of adoption by a four-fifths vote of the Board of Supervisors.

The foregoing Resolution was on the ____ day of ________, 2012, adopted by the Board of Supervisors of the County of Los Angeles and *ex officio* the governing body of all other special assessment and taxing districts, agencies and authorities for which the Board so acts.

SACHI A. HAMAI, Executive Officer-
Clerk of the Board of Supervisors of the
County of Los Angeles

By: ______________________________
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
Acting County Counsel

By: ______________________________
Principal Deputy County Counsel

RESOLUTION OF THE BOARD OF DIRECTORS OF THE PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES AUTHORIZING THE EXECUTION AND DELIVERY OF NECESSARY DOCUMENTS AND CERTIFICATES AND RELATED ACTIONS WITH RESPECT TO THE EXECUTION AND DELIVERY OF COUNTY OF LOS ANGELES 2012 REFUNDING CERTIFICATES OF PARTICIPATION (DISNEY CONCERT HALL PARKING GARAGE) AND AUTHORIZING THE EXECUTION AND DELIVERY OF SUCH CERTIFICATES EVIDENCING PRINCIPAL IN AN AGGREGATE AMOUNT OF NOT TO EXCEED $60,000,000

WHEREAS, the County of Los Angeles (the "County") previously financed the design, construction, acquisition, installation and delivery of a parking garage (the "Garage Project") located beneath the Walt Disney Concert Hall (the "Concert Hall"), certain street and other public improvements in connection therewith (the "Street Improvement Project") and certain improvements to the Concert Hall (the "Concert Hall Project" and together with the Garage Project and the Street Improvement Project, the "Project"); and

WHEREAS, in order to accomplish such financing, the County leased certain real property owned by the County (the "Garage Parcel") to the Parking Authority of the County of Los Angeles (the "Authority") pursuant to a Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), and subleased the Garage Parcel and leased the Garage Project (collectively, the "Leased Premises") from the Authority pursuant to a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"); and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to finance the Project through the sale and delivery of County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "Original Certificates"), each evidencing undivided proportionate interests in the Original Sublease, including the right to receive the base rental payments ("Base Rental") to be made under the Original Sublease; and

WHEREAS, the Authority assigned and transferred certain of its rights, title and interest in and to the Site Lease and the Original Sublease, including all rights to receive the Base Rental, to State Street Bank and Trust Company of California, N.A., as predecessor trustee to U.S. Bank National Association (the "Trustee"), pursuant to the Garage Assignment Agreement, dated as of January 1, 1993; and

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the Trustee and the County, the Trustee executed and delivered the Original Certificates; and

WHEREAS, on December 3, 1998, in order to achieve certain savings by partially refinancing the Project through the refunding of a portion of the Original Certificates, the Authority, the County and the Trustee entered into an Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease" and together with the

Original Sublease, the "First Amended Sublease"), amending the Original Sublease to effect certain changes therein; and

WHEREAS, the Authority confirmed the assignment by the Authority of its interests in the Original Sublease, as amended by the First Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of December 1, 1998; and

WHEREAS, in consideration of such assignment and the execution of the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement") (capitalized undefined terms used in these recitals shall have the meanings ascribed thereto in the First Supplemented Trust Agreement), by and between the Trustee and the County, the Trustee executed and delivered County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates"), each evidencing, together with the Outstanding Original Certificates not refunded, undivided proportionate interests in the First Amended Sublease, including the right to receive Base Rental payable thereunder; and

WHEREAS, in order to achieve certain savings, the County again desires to partially refinance the Project by refunding all or a portion of the 1998 Refunding Certificates; and

WHEREAS, in order to accomplish such refinancing, it is desirable that certain provisions of the First Supplemented Trust Agreement be amended so as to provide for the execution and delivery of Additional Certificates for the purposes of refunding Outstanding Certificates upon the satisfaction of certain conditions, to effect certain other changes and to remove certain provisions relating to the substitution of a Credit Facility for funds held in the Reserve Fund and, in accordance therewith, to provide for the execution of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") to refund all or a portion of the 1998 Refunding Certificates; and

WHEREAS, Section 6.01 of the Original Trust Agreement provides that the First Supplemented Trust Agreement may be amended for any reason provided that the amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, given the conditions to be contained in such amended provisions, it has been determined that such amendments to the First Supplemented Trust Agreement do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, in connection with the purpose stated above, the County and the Authority desire that the County and the Trustee enter into the Supplemental Trust Agreement No. 2 (the "Second Supplemental Trust Agreement") to amend the First Supplemented Trust Agreement to effect such amendments therein and, in accordance therewith, to provide for the execution of the 2012 Refunding Certificates to refund all or a portion of the 1998 Refunding Certificates in accordance with the terms thereof; and

WHEREAS, in order to partially refinance the Project, it is necessary that certain provisions of the First Amended Sublease be amended to reduce the Base Rental payable thereunder and effect certain other related changes therein; and

WHEREAS, Section 21 of the Original Sublease permits the First Amended Sublease to be amended in accordance with and as permitted by Section 6.02 of the Original Trust Agreement; and

WHEREAS, Section 6.02 of the Original Trust Agreement provides that the Garage Sublease may be amended by the parties thereto, with the consent of the Trustee and without the consent of the Certificate holders, for any reason, provided that such modification or amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, it has been determined that such amendments to the First Amended Sublease do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, the County, the Authority and the Trustee desire to enter into Amendment No. 2 to Garage Sublease (the “Second Amendment to Sublease”) to effect such changes to the First Amended Sublease; and

WHEREAS, the County and the Authority desire that the Authority confirm the assignment by the Authority of its interests in the First Amended Sublease, as amended by the Second Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to a Garage Assignment Agreement (the “2012 Assignment Agreement”); and

WHEREAS, the Board of Directors of the Authority (the “Board of Directors”) has been presented with the form of each document referred to herein relating to the actions contemplated hereby, and the Board of Directors has examined and approved each such document and desires to authorize and direct the execution of such documents and the consummation of such actions; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of California to exist, to have happened and to have been performed precedent to and in connection with the consummation of the actions authorized hereby do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the Authority is now duly authorized and empowered, pursuant to each and every requirement of law, to consummate such actions for the purpose, in the manner and upon the terms herein provided;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Parking Authority of the County of Los Angeles as follows:

Section 1. All of the recitals herein contained are true and correct and the Board of Directors so finds.

Section 2. The form of the Second Amendment to Sublease, submitted to and on file with the Secretary of the Authority, is hereby approved, and the Chairman of the Board of Directors of the Authority or any other member of the Board of Directors and the Treasurer of the Authority (collectively, the "Authorized Officers"), are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute by manual or facsimile signature and deliver the Second Amendment to Sublease in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof; provided, however, that the aggregate amount of principal components of Base Rental evidenced by the 2012 Refunding Certificates shall not exceed $60,000,000 and the true interest cost applicable to the interest components of such Base Rental shall not exceed 5.00% per annum.

Section 3. The form of the 2012 Assignment Agreement, submitted to and on file with the Secretary of the Authority, is hereby approved, and the Authorized Officers are each hereby authorized and directed, for and in the name and on behalf of the Authority, to execute by manual or facsimile signature and deliver the 2012 Assignment Agreement in substantially said form, with such changes therein as the Authorized Officer executing the same may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 4. The execution and delivery of not to exceed $60,000,000 aggregate principal amount of the 2012 Refunding Certificates, payable in the years and in the amounts, and evidencing principal and interest as specified in the Second Supplemental Trust Agreement as finally executed, are hereby authorized and approved.

Section 5. The Treasurer and Tax Collector of the County is hereby appointed to serve, *ex officio*, as the Treasurer of the Authority. The Treasurer of the Authority is hereby designated as the officer of the Authority to have charge of all financial matters related to any property of the Authority.

Section 6. The Authorized Officers are hereby authorized and directed, jointly and severally, to do any and all things which they may deem necessary or advisable in order to consummate the transactions herein authorized and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution.

Section 7. All actions heretofore taken by the officers and agents of the Authority with respect to the transactions set forth above are hereby approved, confirmed and ratified.

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Section 8. This Resolution shall take effect from and after its date of adoption.

The foregoing Resolution was on the 21st day of February, 2012, adopted by the Board of Directors of the Parking Authority of the County of Los Angeles.

SACHI A. HAMAI, Secretary of the Board of Directors of the Parking Authority of the County of Los Angeles

By: Benjamin Zavala
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
Acting County Counsel

By: ______________________
Principal Deputy County Counsel

TO BE RECORDED AND WHEN RECORDED
RETURN TO:
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attention: Donald S. Field, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

AMENDMENT NO. 2 TO GARAGE SUBLEASE

by and among

PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES,

COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of _________ 1, 2012

AMENDMENT NO. 2 TO GARAGE SUBLEASE

THIS AMENDMENT NO. 2 TO GARAGE SUBLEASE (this "Second Amendment"), executed and entered into as of _______ 1, 2012, is by and among the PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES (the "Authority"), the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and U.S. Bank National Association, successor to State Street Bank and Trust Company of California, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee");

RECITALS

WHEREAS, the County previously financed the design, construction, acquisition, installation and delivery of a parking garage (the "Garage Project") located beneath the Walt Disney Concert Hall (the "Concert Hall"), certain street and other public improvements in connection therewith (the "Street Improvement Project") and certain improvements to the Concert Hall (the "Concert Hall Project" and together with the Garage Project and the Street Improvement Project, the "Project"); and

WHEREAS, in order to accomplish such financing, the County leased certain real property owned by the County, more particularly described in Exhibit A hereto (the "Garage Parcel"), to the Authority pursuant to a Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), Recorder Instrument No. _________, and subleased the Garage Parcel and leased the Garage Project (collectively, the "Leased Premises") from the Authority pursuant to a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"), Recorder Instrument No. ________; and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to finance the Project through the sale and delivery of County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "Original Certificates"), each evidencing undivided proportionate interests in the Original Sublease, including the right to receive the base rental payments ("Base Rental") to be made under the Original Sublease; and

WHEREAS, the Authority assigned and transferred certain of its rights, title and interest in and to the Site Lease and the Original Sublease, including all rights to receive the Base Rental, to the Trustee pursuant to the Garage Assignment Agreement, dated as of January 1, 1993, Recorder Instrument No. _________; and

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the Trustee and the County, the Trustee executed and delivered the Original Certificates; and

WHEREAS, on December 3, 1998, in order to achieve certain savings by partially refinancing the Project through the refunding of a portion of the Original Certificates, the Authority, the County and the Trustee entered into an Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease" and together with the

Original Sublease, the "First Amended Sublease"), Recorder Instrument No. _________, amending the Original Sublease to effect certain changes therein; and

WHEREAS, the Authority confirmed the assignment by the Authority of its interests in the Original Sublease, as amended by the First Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of December 1, 1998, Recorder Instrument No. _________; and

WHEREAS, in consideration of such assignment and the execution of the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement") (capitalized undefined terms used in these recitals shall have the meanings ascribed thereto in the Trust Agreement), by and between the Trustee and the County, the Trustee executed and delivered County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates"), each evidencing, together with the Outstanding Original Certificates not refunded, undivided proportionate interests in the First Amended Sublease, including the right to receive Base Rental payable thereunder; and

WHEREAS, in order to achieve certain savings, the County again desires to partially refinance the Project by refunding [a portion of] the 1998 Refunding Certificates [(the "Refunded Certificates")]; and

WHEREAS, in order to accomplish such refinancing, the County and the Trustee are entering into the Supplemental Trust Agreement No. 2, dated as of _________ 1, 2012 (the "Second Supplemental Trust Agreement" and together with the First Supplemented Trust Agreement, the "Trust Agreement"), to amend the First Supplemented Trust Agreement so as to provide for the execution and delivery of Additional Certificates for the purposes of refunding Outstanding Certificates upon the satisfaction of certain conditions, to effect certain other changes therein and to remove certain provisions relating to the substitution of a Credit Facility for funds held in the Reserve Fund and, in accordance therewith, to provide for the execution of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") to refund the [1998 Refunding Certificates][Refunded Certificates]; and

WHEREAS, in furtherance of the purpose stated above, the Authority and the County desire to amend the First Amended Sublease to reduce the Base Rental payable thereunder and effect certain other related changes therein (the First Amended Sublease as amended by this Second Amendment is referred to as the "Sublease"); and

WHEREAS, Section 21 of the Original Sublease permits the First Amended Sublease to be amended in accordance with and as permitted by Section 6.02 of the Original Trust Agreement; and

WHEREAS, Section 6.02 of the Original Trust Agreement provides that the Garage Sublease may be amended by the parties thereto, with the consent of the Trustee and without the consent of the Certificate holders, for any reason, provided that such modification or amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, given the conditions to be contained in such amended provisions, it has been determined that such amendments to the First Amended Sublease do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, in connection with the purpose stated above, the Authority, the County and the Trustee have agreed to amend the First Amended Sublease to effect such amendments therein; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Second Amendment do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Amendment;

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

Section 1. **Definitions.** All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the First Amended Sublease.

Section 2. **Amendment to Exhibit C of the Garage Sublease**. Exhibit C of the First Amended Sublease shall be amended and supplemented by deleting Exhibit C in its entirety and substituting the attached Exhibit C therefor.

Section 3. **Consideration**. In consideration of the County's entering into this Second Amendment and the Second Supplemental Trust Agreement, the Authority shall pay to the County the sum of not to exceed $_______ (the "Consideration Payment"). The Consideration Payment shall be paid from the proceeds of the 2012 Refunding Certificates; provided, however, that in the event the available proceeds of the Consideration Payment are not sufficient to enable the Authority to pay such amount in full, the remaining amount of the Consideration Payment shall be reduced to an amount equal to the amount of such available proceeds. The County shall deposit the Consideration Payment in one or more separate funds or accounts to be held and administered for the purpose of refinancing a portion of the Project by refunding the [1998 Refunding Certificates][Refunded Certificates] in accordance with the terms thereof.

Section 4. **Effect of Second Amendment**. This Second Amendment and all of the terms and provisions herein contained shall form part of the First Amended Sublease as fully and with the same effect as if all such terms and provisions had been set forth in the First Amended Sublease. The First Amended Sublease is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this Second Amendment and the terms of the First Amended Sublease (as in effect on the day prior to the effective date of this Second Amendment), the terms of this Second Amendment shall prevail.

Section 5. **Severability**. If any one or more of the terms, provisions, promises, covenants or conditions of this Second Amendment shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Second Amendment shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 6. **Counterparts**. This Second Amendment may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 7. **Governing Law**. This Second Amendment shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have executed this Second Amendment as of the day and year first above written.

PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES

By:____

COUNTY OF LOS ANGELES

By:____

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By:____
Authorized Officer

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ______________________ before me, ____________________, Notary Public, personally appeared ________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ [SEAL]

Deputy

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ________________________ before me, ______________________, Notary Public, personally appeared _________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ________________________ before me, ______________________, Notary Public, personally appeared _________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ______________________________ [SEAL]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Los Angeles, State of California, described as follows, and any improvements thereto:

EXHIBIT C

SCHEDULE OF BASE RENTAL PAYMENTS

CERTIFICATE OF ACCEPTANCE

In accordance with Section 27281 of the California Government Code, this is to certify that the interest in the real property conveyed by the Garage Sublease, dated as of December 23, 1992 (the “Original Sublease”), by and between the County of Los Angeles (the “County”), as lessee, and the Parking Authority of the County of Los Angeles (the “Authority”), as lessor, as amended by Amendment No. 1 to Garage Sublease, dated as of December 1, 1998, by and among the Authority, the County, and State Street Bank and Trust Company of California, N.A., as predecessor trustee to U.S. Bank National Association (the “Trustee”), as further amended by Amendment No. 2 to Garage Sublease, dated as of ________ 1, 2012, by and among the Authority, the County, and the Trustee, from the Authority to the County, is hereby accepted by the undersigned on behalf of the County pursuant to authority conferred by resolution of the Board of Supervisors of the County adopted on _________, 2012, and the County consents to recordation thereof by its duly authorized officer.

Dated: _________, 2012

COUNTY OF LOS ANGELES

By: ________________________________

TO BE RECORDED AND WHEN RECORDED
RETURN TO:
Orrick, Herrington & Sutcliffe LLP
777 South Figueroa Street, 32nd Floor
Los Angeles, California 90017
Attention: Donald S. Field, Esq.

THIS TRANSACTION IS EXEMPT FROM CALIFORNIA DOCUMENTARY TRANSFER TAX PURSUANT TO SECTION 11929 OF THE CALIFORNIA REVENUE AND TAXATION CODE. THIS DOCUMENT IS EXEMPT FROM RECORDING FEES PURSUANT TO SECTION 27383 OF THE CALIFORNIA GOVERNMENT CODE.

GARAGE ASSIGNMENT AGREEMENT

by and between

PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION, as Trustee

Dated as of _________ 1, 2012

GARAGE ASSIGNMENT AGREEMENT

THIS GARAGE ASSIGNMENT AGREEMENT (this "Assignment Agreement"), executed and entered into as of _______ 1, 2012, is by and between the PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES (the "Authority"), and U.S. Bank National Association, successor to State Street Bank and Trust Company of California, N.A., a national banking association organized and existing under the laws of the United States of America and authorized to accept assignments of the nature herein set forth, as trustee (the "Trustee");

RECITALS

WHEREAS, the County of Los Angeles, a political subdivision of the State of California (the "County"), previously financed the design, construction, acquisition, installation and delivery of a parking garage (the "Garage Project") located beneath the Walt Disney Concert Hall (the "Concert Hall"), certain street and other public improvements in connection therewith (the "Street Improvement Project") and certain improvements to the Concert Hall (the "Concert Hall Project" and together with the Garage Project and the Street Improvement Project, the "Project"); and

WHEREAS, in order to accomplish such financing, the County leased certain real property owned by the County, more particularly described in Exhibit A hereto (the "Garage Parcel"), to the Authority pursuant to a Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), Recorder Instrument No. _________, and subleased the Garage Parcel and leased the Garage Project from the Authority pursuant to a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"), Recorder Instrument No. ________; and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to finance the Project through the sale and delivery of County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "Original Certificates"), each evidencing undivided proportionate interests in the Original Sublease, including the right to receive the base rental payments ("Base Rental") to be made under the Original Sublease; and

WHEREAS, the Authority assigned and transferred certain of its rights, title and interest in and to the Site Lease and the Original Sublease, including all rights to receive the Base Rental, to the Trustee pursuant to the Garage Assignment Agreement, dated as of January 1, 1993, Recorder Instrument No. _________; and

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the Trustee and the County, the Trustee executed and delivered the Original Certificates; and

WHEREAS, on December 3, 1998, in order to achieve certain savings by partially refinancing the Project through the refunding of a portion of the Original Certificates, the Authority, the County and the Trustee entered into an Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease" and together with the

Original Sublease, the "First Amended Sublease"), Recorder Instrument No. _________, amending the Original Sublease to effect certain changes therein; and

WHEREAS, the Authority confirmed the assignment by the Authority of its interests in the Original Sublease, as amended by the First Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of December 1, 1998, Recorder Instrument No. _________; and

WHEREAS, in consideration of such assignment and the execution of the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement") (capitalized undefined terms used in these recitals shall have the meanings ascribed thereto in the Trust Agreement), by and between the Trustee and the County, the Trustee executed and delivered County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates"), each evidencing, together with the Outstanding Original Certificates not refunded, undivided proportionate interests in the First Amended Sublease, including the right to receive Base Rental payable thereunder; and

WHEREAS, in order to achieve certain savings, the County again desires to partially refinance the Project by refunding [a portion of] the 1998 Refunding Certificates [(the "Refunded Certificates"); and

WHEREAS, in order to accomplish such refinancing, the County and the Trustee are entering into the Supplemental Trust Agreement No. 2, dated as of _________ 1, 2012 (the "Second Supplemental Trust Agreement" and together with the First Supplemented Trust Agreement, the "Trust Agreement"), to amend the First Supplemented Trust Agreement so as to provide for the execution and delivery of Additional Certificates for the purposes of refunding Outstanding Certificates upon the satisfaction of certain conditions, to effect certain other changes therein and to remove certain provisions relating to the substitution of a Credit Facility for funds held in the Reserve Fund and, in accordance therewith, to provide for the execution of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") to refund the [1998 Refunding Certificates][Refunded Certificates]; and

WHEREAS, in furtherance of the purpose stated above, the County, the Authority and the Trustee have entered into Amendment No. 2 to Garage Sublease, dated as of _______ 1, 2012 (the "Second Amendment to Sublease," and together with the First Amended Sublease, the "Sublease") to effect certain changes to the First Amended Sublease; and

WHEREAS, the County and the Authority wish to confirm the assignment by the Authority of its interests in the First Amended Sublease, as amended by the Second Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Assignment Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Assignment Agreement;

NOW THEREFORE, in consideration of the foregoing and the mutual covenants and conditions contained herein, the parties hereto agree as follows:

Section 1. Definitions. All capitalized terms used herein and not otherwise defined shall have the meanings given to such terms in the Trust Agreement.

Section 2. Assignment. The Authority does hereby assign and transfer to the Trustee, for the benefit of the Owners of the Certificates, all of the Authority's rights, title and interest in and to the First Amended Sublease, as amended by the Second Amendment to Sublease (excepting only the Authority's right to payment of its expenses in accordance with Section 3.1(b) of the Original Sublease and its rights to indemnification in accordance with Section 11 of the Original Sublease), including the Authority's right to receive Base Rental, as well as its rights to enforce payment of such Base Rental when due or otherwise to protect its interests in the event of a default by the County under the Sublease, in accordance with the terms thereof. The Base Rental and other rights of the Authority assigned hereunder shall be applied and the rights so assigned shall be exercised by the Trustee as provided in the Trust Agreement.

Section 3. Acceptance of Assignment. The Trustee hereby accepts the assignment of the Authority's rights, title and interest in and to the First Amended Sublease, as amended by the Second Amendment to Sublease, as are assigned pursuant to the terms of this Assignment Agreement, for the purpose of securing such Base Rental and rights to the Owners, from time to time, of the Certificates.

Section 4. No Additional Rights or Duties. Excepting only the assignment and transfer of rights to the Trustee pursuant to Section 2 hereof, this Assignment Agreement shall not confer any rights nor impose any duties, obligations or responsibilities upon the Trustee beyond those expressly provided in the Sublease and the Trust Agreement. This Assignment Agreement shall not impose any duties, obligations or responsibilities upon the Authority or the County beyond those expressly provided in the Sublease and the Trust Agreement or as otherwise set forth herein.

Section 5. Further Assurances. The Authority will make, execute and deliver any and all such further resolutions, instruments and assurances as may be reasonably necessary or proper to carry out the intention or to facilitate the performance of this Assignment Agreement, and for the better assuring and confirming to the Trustee, for the benefit of the Owners of the Certificates, the rights and benefits intended to be conveyed pursuant hereto.

Section 6. Notices. All notices, statements, demands, requests, consents, approvals, authorizations, offers, agreements, appointments or designations hereunder by either party to the other shall be in writing and shall be sufficiently given and served upon the other party if delivered by hand directly to the offices named below or sent by first-class mail, postage prepaid, overnight carrier or telecopier, addressed as follows:

Authority:	Parking Authority of the County of Los Angeles Kenneth Hahn Hall of Administration 500 West Temple Street, Room 432 Los Angeles, California 90012 Attention: Assistant Treasurer and Tax Collector, Public Finance and Investments
Trustee:	U.S. Bank National Association 633 West Fifth Street, 24th Floor Los Angeles, California 90071 Attn: Corporate Trust Services

Section 7. **Severability.** If any one or more of the terms, provisions, promises, covenants or conditions of this Assignment Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Assignment Agreement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 8. **Counterparts.** This Assignment Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 9. **Governing Law.** This Assignment Agreement shall be construed and governed in accordance with the laws of the State of California.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment Agreement to be executed by their respective officers thereunto duly authorized, all as of the day and year first written above.

PARKING AUTHORITY OF THE COUNTY OF LOS ANGELES

By: ________________________________

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ________________________________
Authorized Officer

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On ______________________ before me, ____________________, Notary Public, personally appeared ________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature ____________________________ [SEAL]

STATE OF CALIFORNIA)
) ss
COUNTY OF LOS ANGELES)

On _______________________ before me, _____________________, Notary Public, personally appeared _________ who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature _____________________________ [SEAL]

EXHIBIT A

DESCRIPTION OF THE PROPERTY

All that real property situated in the County of Los Angeles, State of California, described as follows, and any improvements thereto:

SUPPLEMENTAL TRUST AGREEMENT NO. 2

by and between

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

and

COUNTY OF LOS ANGELES

Dated as of _______ 1, 2012

Relating to
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

TABLE OF CONTENTS

Page

SUPPLEMENTAL TRUST AGREEMENT NO. 2

THIS SUPPLEMENTAL TRUST AGREEMENT NO. 2 (this "Second Supplement"), executed and entered into as of _______ 1, 2012, is by and between U.S. BANK NATIONAL ASSOCIATION, successor to State Street Bank and Trust Company of California, N.A., a national banking association organized and existing under the laws of the United States of America, as trustee (the "Trustee"), and the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County");

RECITALS

WHEREAS, the County previously financed the design, construction, acquisition, installation and delivery of a parking garage (the "Garage Project") located beneath the Walt Disney Concert Hall (the "Concert Hall"), certain street and other public improvements in connection therewith (the "Street Improvement Project") and certain improvements to the Concert Hall (the "Concert Hall Project" and together with the Garage Project and the Street Improvement Project, the "Project"); and

WHEREAS, in order to accomplish such financing, the County leased certain real property owned by the County (the "Garage Parcel") to the Parking Authority of the County of Los Angeles (the "Authority") pursuant to a Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), and subleased the Garage Parcel and leased the Garage Project (collectively, the "Leased Premises") from the Authority pursuant to a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"); and

WHEREAS, the County and the Authority determined that it would be in the best interests of the County and the Authority to provide the funds necessary to finance the Project through the sale and delivery of County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "Original Certificates"), each evidencing undivided proportionate interests in the Original Sublease, including the right to receive the base rental payments ("Base Rental") to be made under the Original Sublease; and

WHEREAS, the Authority assigned and transferred certain of its rights, title and interest in and to the Site Lease and the Original Sublease, including all rights to receive the Base Rental, to the Trustee pursuant to the Garage Assignment Agreement, dated as of January 1, 1993; and

WHEREAS, in consideration of such assignment and the execution of the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the Trustee and the County, the Trustee executed and delivered the Original Certificates; and

WHEREAS, on December 3, 1998, in order to achieve certain savings by partially refinancing the Project through the refunding of a portion of the Original Certificates, the Authority, the County and the Trustee entered into an Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease" and together with the Original Sublease, the "First Amended Sublease"), amending the Original Sublease to effect certain changes therein; and

WHEREAS, the Authority has confirmed the assignment by the Authority of its interests in the Original Sublease, as amended by the First Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of December 1, 1998; and

WHEREAS, in consideration of such assignment and the execution of the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement") (capitalized undefined terms used in these recitals shall have the meanings ascribed thereto in the First Supplemented Trust Agreement), by and between the Trustee and the County, the Trustee executed and delivered County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates"), each evidencing, together with the Outstanding Original Certificates not refunded, undivided proportionate interests in the First Amended Sublease, including the right to receive Base Rental payable thereunder; and

WHEREAS, in order to achieve certain savings, the County again desires to partially refinance the Project by refunding [a portion of] the 1998 Refunding Certificates [(the "Refunded Certificates")];

WHEREAS, in order to accomplish such refinancing, the County and the Trustee desire to amend the First Supplemented Trust Agreement so as to provide for the execution and delivery of Additional Certificates for the purposes of refunding Outstanding Certificates upon the satisfaction of certain conditions described herein, to effect certain other changes therein and to remove certain provisions relating to the substitution of a Credit Facility for funds held in the Reserve Fund and, in accordance therewith, to provide for the execution of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") to refund the [1998 Refunding Certificates][Refunded Certificates] (the First Supplemental Trust Agreement as amended by this Second Supplement is referred to as the "Trust Agreement"); and

WHEREAS, Section 6.01 of the Original Trust Agreement provides that the First Supplemented Trust Agreement may be amended for any reason provided that the amendment does not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, given the conditions contained herein, the Board of Supervisors of the County has determined that such amendments to the First Supplemented Trust Agreement do not adversely affect the interests of the Owners of the Outstanding Certificates; and

WHEREAS, in connection with the purpose stated above, the County and the Trustee have agreed to amend the First Supplemented Trust Agreement to effect such amendments therein and, in accordance therewith, to provide for the execution of the 2012 Refunding Certificates to refund the [1998 Refunding Certificates][Refunded Certificates] in accordance with the terms thereof; and

WHEREAS, in furtherance of the purpose stated above, the County, the Authority and the Trustee have entered into Amendment No. 2 to Garage Sublease, dated as of _______ 1, 2012 (the “Second Amendment to Sublease,” and together with the First Amended Sublease, the “Sublease”) to effect certain changes to the First Amended Sublease; and

WHEREAS, the Authority confirmed the assignment by the Authority of its interests in the First Amended Sublease, as amended by the Second Amendment to Sublease, to the Trustee, including the right to receive Base Rental due thereunder, pursuant to the Garage Assignment Agreement, dated as of ___________ 1, 2012; and

WHEREAS, the Trustee shall execute and deliver the 2012 Refunding Certificates, which together with the Outstanding Original Certificates [and the 1998 Refunding Certificates] not refunded, evidence undivided proportionate interests in the Sublease, including the right to receive Base Rental payable thereunder, and shall undertake such other responsibilities as are assigned to the Trustee pursuant to the Trust Agreement; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and entering into of this Second Supplement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this Second Supplement;

NOW, THEREFORE, in consideration of the premises, of the acceptance by the Trustee of its duties hereby imposed, and of the purchase and acceptance of the 2012 Refunding Certificates by the Owners thereof, and to fix and declare the terms and conditions upon which the 2012 Refunding Certificates are to be executed, delivered, secured and accepted by all persons who shall from time to time be or become Owners thereof, and to secure the payment of the 2012 Refunding Certificates and the interest with respect thereto according to their tenor, purport and effect, and to secure the performance and observance of all of the covenants, agreements and conditions contained therein, herein and in the Sublease, the County by these presents does hereby grant, bargain, release, convey, assign and transfer unto the Trustee for the benefit of the Owners of the Outstanding Certificates all its right, title and interest in and to all amounts on hand from time to time in the funds, accounts and subaccounts established hereunder (except for amounts on deposit in the 2012 Escrow Fund, the Administrative Expense Fund and the Excess Earnings Account of the Earnings Fund) and any additional property that may from time to time, by delivery or by writing of any kind, be subjected to the provisions hereof by the County or by anyone on its behalf, subject only to the provisions of this Trust Agreement and the Sublease.

To have and to hold all of the above unto the Trustee and its successors and assigns forever for the equal and ratable benefit of the Owners from time to time of all the Certificates executed and delivered hereunder and Outstanding, without any priority of any one Certificate over any other, except that amounts deposited into or held in a fund, account or subaccount hereunder for the payment or security of specified Certificates shall be held for the benefit only of such Certificates and shall provide security only for those Certificates for which such deposit was made, all upon the trusts and subject to the covenants and conditions hereinafter set forth.

NOW, THEREFORE, THE PARTIES DO HEREBY AGREE AS FOLLOWS:

ARTICLE I

PARTICULAR AMENDMENTS

Section 1.01. Definitions. Unless the context otherwise requires, all terms used herein which are defined in the First Supplemented Trust Agreement shall have the meanings assigned to them therein. Section 1.02 of the Original Trust Agreement shall be amended and supplemented by deleting the definitions of "Assignment Agreement," "Authorized Denominations," "Certificates," "Interest Payment Date," "Nonarbitrage Certificate," "Qualified Investments," "Representation Letter," "Sinking Account Installment," "Sinking Account Installment Date" and "Total Certificate Obligation" in their entirety and adding the following definitions in their entirety to Section 1.02 of the Original Trust Agreement:

"Assignment Agreement" means the Garage Assignment Agreement, dated as of January 1, 1993, by and between the Authority and the Trustee, the Garage Assignment Agreement, dated as of December 1, 1998, by and between the Authority and the Trustee, and the Garage Assignment Agreement, dated as of ________ 1, 2012, by and between the Authority and the Trustee, pursuant to which the Authority has assigned all of its right, title and interest in and to the Site Lease and the Sublease (other than its rights to indemnification and its rights to payment of its expenses) and all of its right, title and interest in and to the Construction Agreement (other than its rights to receive notices and its rights to indemnification) to the Trustee for the benefit of the Owners.

"Authorized Denominations" mean (a) with respect to the Current Interest Certificates, 2008 Refunding Certificates and 2012 Refunding Certificates, $5,000 or any integral multiple thereof, and (b) with respect to the Capital Appreciation Certificates, the Initial Amount per $5,000 Final Compounded Amount or any integral multiple thereof.

"Certificates" means the Original Certificates, the 1998 Refunding Certificates and the 2012 Refunding Certificates, executed and delivered by the Trustee pursuant to this Trust Agreement, and any Additional Certificates executed and delivered pursuant to the Trust Agreement.

"Interest Payment Date" means with respect to the Current Interest Certificates, March 1 and September 1 in each year, commencing September 1, 1993, until the maturity or earlier prepayment date of such Certificates, with respect to the 1998 Refunding Certificates, March 1 and September 1 in each year, commencing March 1, 1999, until the maturity or earlier prepayment date of such Certificates, and with respect to the 2012 Refunding Certificates, March 1 and September 1 in each year, commencing __________ 1, 20__, until the maturity or earlier prepayment date of such Certificates.

"Nonarbitrage Certificate" means the Tax and Nonarbitrage Certificate provided by the County on the Closing Date, as set forth in Exhibit F hereto, as the same may be amended from time to time, the 1998 Nonarbitrage Certificate and the 2012 Nonarbitrage Certificate, as applicable.

“Original Certificates” means the Certificates of Participation (1993 Disney Parking Project), consisting of the Current Interest Certificates and the Capital Appreciation Certificates, executed and delivered by the Trustee pursuant to this Trust Agreement.

“Qualified Investments” mean any legal investments of the County’s funds, which presently include the following:

(a) Government Obligations.

(b) Bonds issued by the County which are rated A or better by the Rating Agencies, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the County or by a department, board, agency or authority thereof.

(c) Registered warrants or treasury notes or bonds of the State which are rated A or better by the Rating Agencies, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the State or by a department, board, agency or authority thereof.

(d) Bonds, notes, warrants or other evidences of indebtedness of any local agency within the State which are rated A or better by the Rating Agencies, including bonds payable solely out of the revenues from a revenue-producing property owned, controlled or operated by the local agency or by a department, board, agency or authority thereof.

(e) Obligations issued by banks for cooperatives, federal land banks, federal intermediate credit banks, federal home loan banks, the Federal Home Loan Bank Board, the Tennessee Valley Authority, or in obligations, participations or other instruments of or issued by, or fully guaranteed as to principal and interest by, the Federal National Mortgage Association; or in guaranteed portions of Small Business Administration Notes; or in obligations, participations or other instruments of, or issued by, a federal agency or a United States government-sponsored enterprise.

(f) Bills of exchange or time drafts drawn on or accepted by a commercial bank, otherwise known as bankers’ acceptances, which are eligible for purchase by the Federal Reserve System and which are drawn on or accepted by a commercial bank, the long-term debt obligations of which are rated A or better by the Rating Agencies. Purchases of bankers’ acceptances may not exceed 270 days maturity.

(g) Commercial paper of “prime” quality of the highest ranking or of the highest letter and numerical rating as provided for by the Rating Agencies. Eligible paper is further limited to issuing corporations that are organized and operating within the United States and having total assets in excess of $500,000,000 and having an A or higher rating for the issuer’s debt, other than commercial paper, if any, as provided for by the Rating Agencies. Purchases of eligible commercial paper may not exceed 180 days maturity nor represent more than 10% of the outstanding paper of an issuing corporation.

(h) Negotiable certificates of deposit issued by, or deposit accounts with, a nationally or state-chartered bank or a state or federal association (as defined by Section 5102 of the

California Financial Code) or by a state-licensed branch of a foreign bank which is rated A or better by the Rating Agencies.

(i) Investments in repurchase agreements of any securities enumerated above with an institution with debt rated AAA/Aaa or commercial paper rated A-1+ by S&P, P-1 by Moody's and F-1+ by Fitch, if the Trustee shall have received a perfected first security interest in such securities securing such repurchase agreement and the Trustee or its appointed agent shall hold such obligations free and clear of the claims of third parties and the securities securing such repurchase agreements shall be of such nature, valued at such intervals and maintained at such levels so as to meet the collateralization levels then required by the Rating Agencies for a rating of A or better. For purposes of this definition, the term "repurchase agreement" means a purchase of securities pursuant to an agreement by which the seller will repurchase such securities on or before a specified date and for a specified amount and will deliver the underlying securities by physical delivery or third-party custodial agreement. For the purposes of this definition the term "counterparty" means the other party to the transaction. A counterparty bank's trust department or safekeeping department may be used for physical delivery of the underlying security. The term of repurchase agreements shall be for one year or less. Such securities, for purpose of repurchase under this definition, shall mean securities of the same issuer, description, issue date and maturity.

(j) Mortgage securities purchased under an agreement to resell pursuant to clause (i) above, provided that the mortgage securities are eligible investments under subdivision (a) or (b) of Section 13000 of the California Financial Code which are rated A or better by the Rating Agencies. Investment in a mortgage security shall not exceed 95% of the mortgage security's fair market value.

(k) Medium-term corporate notes of a maximum of five years' maturity issued by corporations organized and operating within the United States or by depository institutions licensed by the United States or any state operating within the United States, which are rated A or better by the Rating Agencies.

(l) Shares of beneficial interest issued by money market funds which are rated AAAm/AAAm-G or better by S&P and Aaa by Moody's, investing in the securities and obligations as authorized by clauses (a) to (m), inclusive, of this definition.

(m) To the extent of moneys pledged to the payment of, or as security for, the Certificates and held by a fiscal agent, including the Trustee, in any other prudent investment provided that such investment is rated A or better by the Rating Agencies.

(n) The County of Los Angeles Treasury Pool.

"Representation Letter" means the letter of the County delivered to and accepted by the Depository on or prior to the delivery of the Certificates in book-entry form setting forth the basis on which the Depository serves as depository for such Book-Entry Bonds, as originally executed or as it may be supplemented or revised or replaced by a letter to a substitute Depository.

"Sinking Account Installment" means the principal amount of the Certificates required to be paid on any Sinking Account Installment Date pursuant to Section 4.01(d) hereof or any corresponding provision of a Supplemental Trust Agreement.

"Sinking Account Installment Date" means each of the dates determined as set forth in Section 4.01(d) hereof or any corresponding provision of a Supplemental Trust Agreement.

"Supplemental Trust Agreement" means any supplemental trust agreement amendatory of or supplemental to this Trust Agreement, but only if and to the extent that such Supplemental Trust Agreement is specifically authorized hereunder.

"Total Certificate Obligation" means, as of any date of calculation, the sum of (a) the aggregate principal amount of Certificates excluding Capital Appreciation Certificates then Outstanding, and (b) the aggregate Accreted Value of the Capital Appreciation Certificates then Outstanding.

"2012 Continuing Disclosure Certificate" means the Continuing Disclosure Certificate, dated the 2012 Closing Date, of the County, as originally executed and as it may from time to time be amended in accordance with the provisions thereof.

"2012 Closing Date" means **__________**, 2012.

"2012 Costs of Issuance Account" means the account of that name established in the Construction Fund pursuant to Section 2.07 hereof.

"2012 Escrow Agent" means U.S. Bank National Association, or any successor escrow agent appointed pursuant to the 2012 Escrow Agreement.

"2012 Escrow Agreement" means the Disney Concert Hall Parking Escrow Agreement, dated as of **_________** 1, 2012, by and between the County and the 2012 Escrow Agent.

"2012 Escrow Fund" means the fund of that name established pursuant to the 2012 Escrow Agreement.

"2012 Nonarbitrage Certificate" means the Tax Certificate provided by the County in connection with the 2012 Refunding Certificates, as the same may be amended from time to time.

"2012 Refunding Certificates" means the County's 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage), executed and delivered by the Trustee pursuant to this Trust Agreement.

Section 1.02. <u>Amendments to Section 2.05</u>. The second sentence of Section 2.05 of the Original Trust Agreement is hereby amended to read in full as follows:

> Such Certificate shall be endorsed or accompanied by delivery of the written instrument of transfer, duly executed by the Owner or his duly authorized

attorney, in a form acceptable to the Trustee, and payment of such reasonable transfer fees as the Trustee may established.

Section 1.03. __Amendments to Section 3.04(a)__. Section 3.04(a) of the Original Trust Agreement is hereby amended to read in full as follows:

(a) Reserve Fund. There is hereby established in trust a special fund designated the "Reserve Fund," which shall be held by the Trustee and which shall be kept separate and apart from all other funds and money held by the Trustee. There shall be deposited in the Reserve Fund the amounts required to be deposited therein pursuant to Sections 3.01, 3.02(b), 3.03 and 3.09(a) hereof. The Trustee shall administer the Reserve Fund as provided in this Article III.

The Reserve Fund shall be maintained by the Trustee until the Base Rental is paid in full pursuant to the Sublease or until there are no longer any Certificates Outstanding.

If on any Interest Payment Date, Sinking Account Installment Date or maturity date for the Certificates, the amounts on deposit in the Principal Account and the Interest Account, respectively, of the Certificate Fund are less than the principal, Accreted Value and interest payments due with respect to the Certificates on such date, then the Trustee shall transfer from the Reserve Fund, for credit to the Principal Account or Interest Account, as appropriate, of the Certificate Fund amounts sufficient to make up such deficiencies. In the event of any such transfer, the Trustee shall, within five days thereafter, provide written notice to the County of the amount and the date of such transfer.

For purposes of determining the amount on deposit at any time in the Reserve Fund the Trustee shall value all Qualified Investments at the amortized cost (that is, the amortized accreted principal of securities purchased at a discount) of such investments (exclusive of accrued interest but inclusive of any commissions). Any moneys in the Reserve Fund, excluding Investment Earnings, in excess of the Reserve Requirement on the Business Day prior to each Interest Payment Date and at such other time or times as directed by the County in a written order signed by a County Representative and delivered to the Trustee, shall be transferred to the Interest Account of the Certificate Fund and applied to the payment of the interest due with respect to the Certificates on the next succeeding Interest Payment Date, Sinking Account Installment Date or maturity date therefor. Investment Earnings on amounts on deposit in the Reserve Fund shall be transferred pursuant to Section 3.15 hereof.

Section 1.04. __Amendments to Section 4.03(a)__. Section 4.03(a) of the Original Trust Agreement is hereby amended to include the follow paragraph at the end thereof:

With respect to any notice of any optional prepayment of 2012 Refunding Certificates, unless at the time such notice is given the 2012 Refunding Certificates to be prepaid shall be deemed to have been paid within the meaning of Section 10.01 hereof, such notice shall state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the prepayment price of, and accrued interest evidenced by, the 2012 Refunding Certificates to be prepaid, and that if such moneys shall not have been so received said notice shall be of no force and effect and such 2012 Refunding Certificates shall not be required to be prepaid. In the event a notice of prepayment of 2012 Refunding Certificates contains such a condition and such moneys are not so received, the prepayment of 2012 Refunding Certificates as described in the conditional notice of prepayment shall not be made and the Trustee shall, within a reasonable time after the date on which such prepayment was to occur, give notice to the persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there shall be no prepayment of 2012 Refunding Certificates pursuant to such notice of prepayment.

Section 1.05. Amendments to Section 6.04. Section 6.04 of the Original Trust Agreement is hereby amended to read in full as follows:

Section 6.04. Additional Certificates. The County may from time to time, by a supplement or amendment to this Trust Agreement, authorize one or more series of Additional Certificates, evidencing additional undivided proportionate interests in the Sublease, including the right to receive Base Rental thereunder on a parity with the Outstanding Certificates; provided, however, that the County may authorize a series of Additional Certificates hereunder only (1) for the purpose of financing the construction or acquisition of new facilities or additions or improvements to the Leased Premises provided, that such authorization occurs not less than seven years after the delivery of the Certificate of Completion for the Project, or (2) for the purpose of making repairs to or replacements of the Leased Premises following an event of damage, destruction, condemnation or theft or discovery of a title defect affecting all or a portion of the Leased Premises, or (3) for the purpose of providing funds to refund any Outstanding Certificates executed and delivered hereunder provided that, upon delivery of such Additional Certificates, Base Rental in each Lease Year, evidenced by all Certificates to be Outstanding after the execution of such Additional Certificates, shall be less than or equal to Base Rental in such Lease Year, evidenced by all Certificates Outstanding immediately prior to the delivery of such Additional Certificates.

The Trustee shall execute and deliver the Additional Certificates of any series only upon the receipt by the Trustee of:

(a) A copy of a supplement or amendment to this Trust Agreement authorizing such series of Additional Certificates which shall, among other provisions, specify: (i) the authorized principal amount, designation and series of such Additional Certificates, (ii) the purpose for which such Additional Certificates are to be executed and delivered, as set forth in the preceding paragraph, (iii) the maturity date or dates of such Additional Certificates, (iv) the interest payment dates for and the interest rate or rates or the maximum rate of interest payable with respect to the Additional Certificates of such series, (v) the denominations of and the manner of dating and numbering such Additional Certificates, (vi) the prepayment provisions and prepayment dates and prices and any defeasance provisions for such Additional Certificates, (vii) the form of such Additional Certificates, (viii) the establishment of and provisions concerning additional accounts and subaccounts in the Certificate Fund held by the Trustee under this Trust Agreement to provide for the payment of principal, premium and interest with respect to such Additional Certificates, (ix) the establishment of and provisions concerning additional accounts and subaccounts in the Reserve Fund held by the Trustee hereunder so that such Additional Certificates are secured by a reserve requirement calculated on the same basis as the Reserve Requirement, and (x) the establishment of and provisions concerning such other funds, accounts and subaccounts as the County shall deem necessary or desirable for such Additional Certificates, including, without limitation, construction and acquisition funds.

(b) A duly executed copy of an amendment to the Sublease, Site Lease and/or Assignment Agreement such that (i) if the purpose for which such Additional Certificates are to be executed and delivered is as set forth in clause (1) or (2) of the preceding paragraph, the Base Rental payable under the Sublease, as amended, is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates and that the Base Rental payable thereunder is not in excess of the fair rental value of the Leased Premises, including any repairs, replacements or new facilities, additions or improvements thereto to be financed with the proceeds of such Additional Certificates, or if the purpose for which such Additional Certificates are to be executed and delivered is as set forth in clause (3) of the preceding paragraph, the Base Rental payable under the Sublease, as amended, is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates and that the Base Rental due under the Sublease, as amended, in each Lease Year, evidenced by all Certificates to be Outstanding after the execution of such Additional Certificates, is less than the Base Rental due in each such Lease Year evidenced by all Certificates Outstanding immediately prior to the delivery of such Additional Certificates, and (ii) the insurance provisions of the Sublease shall provide adequate coverage for any repairs, replacements or new facilities, additions or improvements. If appropriate, such amendment or amendments shall contain any modifications necessary to include any such financed facilities, additions or improvements in the Leased Premises.

(c) Evidence satisfactory to the Trustee that any amendments to the Sublease, Site Lease or Assignment Agreement executed in connection with such Additional Certificates have been duly recorded in the official records of the

County Recorder of the County.

(d) If the purpose for which such Additional Certificates are to be executed and delivered is as set forth in clause (1) or (2) of the preceding paragraph, either (i) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Leased Premises, without taking into account such repairs, replacements or new facilities, additions or improvements, is at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates, (ii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Leased Premises, including any repairs, replacements or new facilities, additions or improvements which are completed and are available for use and occupancy by the County, is at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates, or (iii) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the fair rental value of the Leased Premises, including such repairs, replacements or new facilities, additions or improvements, when completed, will be at least equal to the Base Rental payable under the Sublease, as amended, and that such Base Rental is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates, which certificate shall be accompanied by (1) an executed copy of a fixed price construction contract for such repairs, replacements or new facilities, additions or improvements, which contract includes a scheduled completion date and provides for Liquidated Damages sufficient to pay the portion of Base Rental attributable thereto for each day from the scheduled completion date to the date on which such repairs, replacements or new facilities, additions or improvements are accepted by the County, and (2) the deposit of a sufficient amount of capitalized interest to pay interest with respect to the Additional Certificates until such scheduled completion date or evidence satisfactory to the Trustee that such interest will be provided for.

If the purpose for which such Additional Certificates are to be executed and delivered is as set forth in clause (3) of the preceding paragraph, a certificate of a County Representative, which may but need not rely on a written appraisal from a qualified appraiser, who may but need not be an employee of the County, that the Base Rental due under the Sublease, as amended, in each Lease Year, evidenced by all Certificates to be Outstanding after the execution of such Additional Certificates, is less than the Base Rental due in each such Lease Year evidenced by all Certificates Outstanding immediately prior to the delivery of such Additional Certificates, and that the Base Rental due under the Sublease, as amended, is sufficient to pay all principal, accreted value and interest with respect to the Outstanding Certificates and Additional Certificates.

(e) An opinion of Independent Counsel substantially to the effect that (i) the supplement or amendment to this Trust Agreement and any amendments to the Sublease and Site Lease executed in connection therewith are authorized or permitted by the Constitution and laws of the State and this Trust Agreement and have been duly and validly authorized, executed and delivered by the County and constitute the legally valid and binding obligations of the County, enforceable in accordance with their respective terms, except as limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to or limiting creditors' rights generally and subject to such other exceptions as are acceptable to the Trustee, and (ii) the execution and delivery of such Additional Certificates will not adversely affect the exclusion for federal income tax purposes of the interest portion of the Base Rental payments designated as and comprising interest and received by or allocated to the Owners of the Certificates and the owners of such Additional Certificates.

(f) Written evidence from the Rating Agencies that the execution and delivery of such Additional Certificates will not, by itself, result in a downgrading of the ratings assigned to the Certificates from the ratings in effect immediately prior to such execution and delivery of the Additional Certificates.

ARTICLE II

2012 REFUNDING CERTIFICATES

Section 2.01. <u>Certain References to Certificates</u>. From and after the 2012 Closing Date, all references to Certificates in Sections 2.01, 2.02, 2.03, 2.12, 3.01, 4.01(a), 4.01(d), 4.03(b)(iv) and 7.06 of the Original Trust Agreement shall be deemed to be references to the Original Certificates only.

Section 2.02. <u>Preparation of 2012 Refunding Certificates</u>. The Trustee is hereby authorized and directed upon written request of a County Representative to execute and deliver the 2012 Refunding Certificates in the aggregate principal amount of $_________ to the original purchaser or purchasers thereof. Each 2012 Refunding Certificate, together with each of the Outstanding Certificates that have not been refunded, shall represent an undivided proportionate interest of the Owner thereof in the Sublease, including the right to receive Base Rental payments thereunder. The 2012 Refunding Certificates shall be numbered, with or without prefixes, as directed by the Trustee.

Section 2.03. <u>Denomination, Medium and Dating of 2012 Refunding Certificates</u>. The 2012 Refunding Certificates shall be designated as “County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage),” shall be prepared in the form of fully registered Certificates, without coupons, and shall be payable in lawful money of the United States of America. The 2012 Refunding Certificates shall be executed and delivered in Authorized Denominations; provided, however, that the 2012

Refunding Certificates shall initially be executed and delivered in book-entry form pursuant to Section 2.11 of the Original Trust Agreement.

The 2012 Refunding Certificates shall be dated the 2012 Closing Date. Each 2012 Refunding Certificate shall represent interest from the Interest Payment Date next preceding the date of execution thereof, unless (i) it is executed on an Interest Payment Date, in which case such 2012 Refunding Certificate shall represent interest from the date of execution thereof, (ii) it is executed after a Record Date and before the close of business on the immediately following Interest Payment Date, in which case such 2012 Refunding Certificate shall represent interest from such Interest Payment Date, or (iii) it is executed on or prior to the Record Date immediately preceding the first Interest Payment Date, in which case such 2012 Refunding Certificate shall represent interest from the 2012 Closing Date; provided, however, that if at the time of execution of any 2012 Refunding Certificate, interest with respect thereto shall be in default, interest with respect to such 2012 Refunding Certificate shall represent interest from the last Interest Payment Date to which interest has been paid in full or duly provided for or from the 2012 Closing Date if no interest has been paid or duly provided for. Interest represented by the 2012 Refunding Certificates shall be computed on the basis of a 360-day year composed of 12 months of 30 days each.

Section 2.04. <u>Description of Certificates</u>. (a) The principal evidenced and represented by the 2012 Refunding Certificates shall become due and payable, subject to prior prepayment, on [March 1 or September 1] of the years, in the amounts, and shall accrue interest at the rates per annum set forth below:

Maturity Date	Principal Amount	Interest Rate

(b) Interest with respect to any 2012 Refunding Certificate shall be payable on each Interest Payment Date to the Owner thereof as of the close of business on the Record Date, such interest to be paid by check of the Trustee, sent to the Owner by first-class mail, postage prepaid, at his or her address as it appears on the Certificate Register; provided however that interest payable to an Owner of $1,000,000 or more aggregate principal amount of 2012 Refunding Certificates shall be paid by wire transfer to such account within the United States of America as such Owner shall have specified in writing prior to the applicable Record Date to the Trustee for such purpose. Payments of defaulted interest shall be paid by check to the Owners as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the Owners not less than ten days prior thereto. If any Interest Payment Date, Sinking Account Installment Date or maturity date falls on a day which is not a Business Day, then amounts due with respect to the Outstanding 2012 Refunding Certificates on such Interest Payment Date, Sinking Account Installment Date or maturity date shall be paid on the next succeeding Business Day, but interest with respect to the Outstanding 2012 Refunding Certificates shall accrue only to such Interest Payment Date, Sinking Account Installment Date or maturity date. Principal, and premium, if any, with respect to the 2012 Refunding Certificates is payable upon surrender thereof at the Principal Office of the Trustee upon maturity or the earlier prepayment thereof.

Section 2.05. **<u>Form of 2012 Refunding Certificate</u>.** The 2012 Refunding Certificates shall be substantially in the form set forth in Exhibit A attached hereto and incorporated herein by this reference. The 2012 Refunding Certificates may be printed, lithographed, photocopied or typewritten and shall be in such Authorized Denominations as may be determined by the County.

Section 2.06. **<u>Deposit and Transfer of Proceeds of the 2012 Refunding Certificates</u>.** Upon the receipt of payment for the 2012 Refunding Certificates when the same shall be sold to the original purchaser or purchasers thereof, the proceeds of such sale shall be paid to the Trustee and deposited as follows:

(i) The Trustee shall deposit into the 2012 Costs of Issuance Account of the Construction Fund the sum of $_________.

(ii) The Trustee shall deposit in the Reserve Fund established pursuant to Section 3.04(a) of the Original Trust Agreement the amount of $__________, an amount which together with amounts on deposit therein equals the Reserve Fund Requirement.

(iii) The Trustee shall transfer to the 2012 Escrow Agent for deposit in the 2012 Escrow Fund established pursuant to the 2012 Escrow Agreement the amount of $_________.

Section 2.07. **<u>Establishment and Application of 2012 Costs of Issuance Account</u>.** There is hereby established in trust a special account within the Construction Fund designated the "2012 Costs of Issuance Account," which shall be held by the Trustee and which shall be kept separate and apart from all other funds, accounts and money held by the Trustee. The Trustee shall administer the account as provided in this Section. There shall be deposited in the 2012 Costs of Issuance Account that portion of the proceeds of the 2012 Refunding Certificates required to be deposited therein pursuant to Section 2.06 hereof. The Trustee shall disburse money from the 2012 Costs of Issuance Account on such dates and in such amounts as are necessary to pay Costs of Issuance, in each case, promptly after receipt of, and in accordance with, a written request of a County Representative in the form attached hereto as Exhibit B, together with invoices therefor. Any amounts remaining in the 2012 Costs of Issuance Account on the date on which a County Representative has notified the Trustee in writing that all Costs of Issuance have been paid shall be transferred to the Base Rental Account. Following the transfer of all amounts remaining in the 2012 Costs of Issuance Account, the Trustee shall close such account.

Section 2.08. Prepayment. The 2012 Refunding Certificates shall be subject to prepayment prior to their stated maturities only as set forth in paragraph (b) of Section 4.01 of the Trust Agreement and as set forth below:

(a) Optional Prepayment. The 2012 Refunding Certificates maturing on or before ___________ 1, 20__ shall not be subject to optional prepayment prior to maturity. The 2012 Refunding Certificates maturing on and after ______ 1, 20__ shall be subject to optional prepayment prior to maturity from amounts deposited with the Trustee by the County in furtherance of the exercise of the County's option to purchase the Authority's right, title and interest in the Leased Premises or any portion thereof in accordance with Section 15 of the Sublease and from any other funds legally available therefor, as a whole or in part on any date, on or after ________ 1, 20__, any such prepayment to be at a price equal to the principal evidenced by the 2012 Refunding Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

(b) Sinking Account Installments. The 2012 Refunding Certificates with a stated principal payment date of _________ 1, 20__ are subject to prepayment prior to such stated principal payment date, in part, from Sinking Account Installments, on each [March 1 and September 1] specified below, at a prepayment price equal to the principal evidenced thereby, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium. The principal evidenced by such 2012 Refunding Certificates to be so prepaid and the dates therefor shall be as follows:

Sinking Account Installment Date	Principal Amount

The amount of each such prepayment shall be reduced proportionately in the event and to the extent of any and all prepayments of 2012 Refunding Certificates with a stated principal payment date of _______ 1, 20__, pursuant to any provision hereof other than prepayments made pursuant to the preceding paragraph.

The 2012 Refunding Certificates prepaid pursuant to the provisions of this Section shall be canceled by the Trustee and shall not be redelivered.

Section 2.09. Tax Covenants. (a) The County will not take any action, or fail to take any action, if such action or failure to take such action would adversely affect the exclusion from gross income of interest evidenced by the 2012 Refunding Certificates under Section 103 of the Code. Without limiting the generality of the foregoing, the County will comply with the requirements of the 2012 Nonarbitrage Certificate, which is incorporated herein as if fully set forth herein. This covenant shall survive payment in full or defeasance of the 2012 Refunding Certificates.

(b) In the event that at any time the County is of the opinion that for purposes of this Section it is necessary or helpful to restrict or limit the yield on the investment of any moneys held by the Trustee in any of the funds or accounts established hereunder, the County shall so instruct the Trustee in writing, and the Trustee shall take such action as may be necessary in accordance with such instructions.

(c) Notwithstanding any provisions of this Section, if the County shall provide to the Trustee an opinion of Independent Counsel to the effect that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from federal income tax of interest evidenced by the 2012 Refunding Certificates, the Trustee may conclusively rely on such opinion in complying with the requirements of this Section and of the 2012 Nonarbitrage Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

Section 2.10. Continuing Disclosure. The County shall comply with and carry out all of the provisions of the 2012 Continuing Disclosure Certificate. Notwithstanding any other provision of this Trust Agreement, failure of the County to comply with the 2012 Continuing Disclosure Certificate shall not constitute an event of default hereunder; provided, however, that the Trustee may (and, at the written direction of the holders of at least 50% of the aggregate principal evidenced by Outstanding 2012 Refunding Certificates, shall) or any holder or beneficial owner of the 2012 Refunding Certificates may take such actions as may be necessary and appropriate to compel performance, including seeking mandate or specific performance by court order.

ARTICLE III

MISCELLANEOUS

Section 3.01. Effect of Second Supplement. This Second Supplement and all of the terms and provisions herein contained shall form part of the First Supplemented Trust Agreement as fully and with the same effect as if all such terms and provisions had been set forth in the First Supplemented Trust Agreement. The First Supplemented Trust Agreement is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as heretofore amended and supplemented, and as amended and supplemented hereby. If there shall be any conflict between the terms of this Second

Supplement and the terms of the First Supplemented Trust Agreement (as in effect on the day prior to the effective date of this Second Supplement), the terms of this Second Supplement shall prevail.

Section 3.02. Severability. If any one or more of the terms, provisions, promises, covenants or conditions of this Second Supplement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, then each and all of the remaining terms, provisions, promises, covenants and conditions of this Second Supplement shall not be affected thereby and shall be valid and enforceable to the fullest extent permitted by law.

Section 3.01. Counterparts. This Second Supplement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same agreement.

Section 3.02. Governing Law. This Second Supplement shall be construed and governed in accordance with the laws of the State.

IN WITNESS WHEREOF, the parties hereto have executed this Second Supplement as of the day and year first above written.

U.S. BANK NATIONAL ASSOCIATION, as Trustee

By: ______________________________
Authorized Officer

COUNTY OF LOS ANGELES

By: ______________________________

EXHIBIT A

FORM OF 2012 REFUNDING CERTIFICATE OF PARTICIPATION

No. ___ $_________

COUNTY OF LOS ANGELES
2012 REFUNDING CERTIFICATE OF PARTICIPATION
(DISNEY CONCERT HALL PARKING GARAGE)

INTEREST RATE	MATURITY DATE	ORIGINAL CERTIFICATE DATE	CUSIP NUMBER
	________ 1, 20__		

REGISTERED OWNER: Cede & Co.

PRINCIPAL AMOUNT: Dollars

THIS IS TO CERTIFY that the Registered Owner identified above or registered assigns, as the registered owner of this Certificate of Participation (the "Certificate"), is the owner of an undivided proportionate interest in, including the right to receive Base Rental payable under, a Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"), by and between the County of Los Angeles, as lessee (the "County") and the Parking Authority of the County of Los Angeles, as lessor (the "Authority"), as amended by Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease"), by and among the Authority, the County, and U.S. Bank National Association, as successor to State Street Bank and Trust Company of California, N.A., as trustee (the "Trustee"), as further amended by Amendment No. 2 to Garage Sublease, dated as of _______ 1, 2012 (the "Second Amendment to Sublease" and together with the Original Sublease and the First Amendment to Sublease, the "Sublease"), by and among the Authority, the County, and the Trustee.

The Registered Owner of this Certificate is entitled to receive, subject to the terms of the Sublease and unless sooner paid in full, on the Maturity Date identified above, the Principal Amount identified above, representing a portion of the Base Rental payable designated as principal coming due on or prior to such date, and, subject to the terms of the Sublease, to receive on each March 1 and September 1, commencing ________ 1, 20__ (each, an "Interest Payment Date"), the Registered Owner's proportionate share of the Base Rental designated as interest coming due on each of such dates. Such proportionate share of the portion of the Base Rental designated as interest is the result of the multiplication of the aforesaid portion of the Base Rental designated as principal by the interest rate specified above. Such proportionate share of the portion of the Base Rental designated as interest shall be computed on the basis of a 360-day year comprised of 12 months of 30 days each.

Interest with respect to this Certificate shall be payable from the Interest Payment Date next preceding the date of execution hereof, unless this Certificate is executed on an Interest Payment Date, in which event interest shall be payable from such date of execution, or unless this Certificate is executed after the close of business on the fifteenth day of the month next preceding an Interest Payment Date (the "Regular Record Date") and before the close of business on the immediately following Interest Payment Date, in which event interest shall be payable from such Interest Payment Date, or unless this Certificate is executed on or prior to the Regular Record Date immediately preceding the first Interest Payment Date, in which event interest with respect hereto shall be payable from __________, 2012; provided, however, that if at the time of execution of this Certificate, interest with respect hereto is in default, interest with respect hereto shall be payable from the Interest Payment Date to which interest has previously been paid or made available for payment or, if no interest has been paid or made available for payment, from __________, 2012.

Amounts due hereunder in respect of principal and premium, if any, are payable in lawful money of the United States of America upon the surrender hereof at maturity or the earlier prepayment hereof at the corporate trust office of the Trustee, in Los Angeles, California (or any successor thereto), or any paying agent appointed by the Trustee. Amounts representing interest are payable by check of the Trustee sent by first-class mail, postage prepaid, or by wire transfer to any owner of $1,000,000 or more of 2012 Refunding Certificates (as defined below) to the account within the United States of America specified by such owner in a written request delivered to the Trustee on or prior to the Regular Record Date, to the owner of this Certificate at such owner's address as it appears on the Certificate register as of the Regular Record Date. Payments of defaulted interest, if any, with respect to this Certificate shall be paid by check or draft to the registered owner of this Certificate as of a special record date to be fixed by the Trustee, notice of which special record date shall be given to the owner of this Certificate not less than ten days prior thereto.

The County and the Authority have entered into the Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), for the purpose of leasing certain real property owned by the County to the Authority, and the County and the Authority have entered into the Sublease for the purpose of subleasing such real property back to the County and leasing certain facilities (together such real property, the "Leased Premises") to the County in connection with the performance of the County of its governmental functions. The County is authorized to enter into the Site Lease and the Sublease pursuant to the laws of the State of California (the "State"). The Authority has assigned certain of its right, title and interest in and to the Site Lease and the Sublease, including the right to receive Base Rental payments thereunder, to the Trustee, pursuant to a Garage Assignment Agreement, dated as of January 1, 1993, a Garage Assignment Agreement, dated as of December 1, 1998 and a Garage Assignment Agreement, dated as of _________ 1, 2012, each by and between the Authority and the Trustee (collectively, the "Assignment Agreement").

This Certificate is one of a duly authorized issue of $_________ aggregate amount of certificates of participation designated as the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates"). The 2012 Refunding Certificates are executed and delivered under and are entitled to the protection given by the Trust Agreement, dated as of January 1, 1993, as amended and supplemented by the

Supplemental Trust Agreement No. 1, dated as of December 1, 1998, by and between the Trustee and the County, as further amended and supplemented by the Supplemental Trust Agreement No. 2, dated as of _______ 1, 2012 (as amended and supplemented, the "Trust Agreement"), by and between the Trustee and the County, authorizing the execution and delivery of certificates of participation in the Sublease.

Reference is hereby made to the Site Lease, the Sublease, the Trust Agreement and the Assignment Agreement (copies of all of which are on file at the aforesaid offices of the Trustee) for a description of the terms on which the 2012 Refunding Certificates are delivered, and the rights thereunder of the registered owners of the 2012 Refunding Certificates and the rights, duties and immunities of the Trustee and the rights and obligations of the County under the Sublease, to all of the provisions of which the registered owner of this Certificate, by acceptance hereof, assents and agrees. Capitalized undefined terms used herein shall have the meanings ascribed thereto in the Trust Agreement.

The County is required under the Sublease to pay Base Rental from any source of legally available funds. The County has covenanted in the Sublease to make the necessary annual appropriations for such purpose. Base Rental is required to be deposited with the Trustee prior to each payment date for application to the Certificate Fund established pursuant to the Trust Agreement. The County has also pledged its interest in all amounts on deposit from time to time in the funds, accounts and subaccounts established pursuant to the Trust Agreement (except amounts on deposit in the 2012 Escrow Fund, the Administrative Expense Fund and the Excess Earnings Account of the Earnings Fund) for the purposes therein specified, including the payment of all Base Rental.

The obligation of the County to pay Base Rental does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. The obligation of the County to pay Base Rental does not constitute an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction. The County's obligation to pay Base Rental is abated under certain circumstances described in the Sublease during any period in which, by reason of material damage, destruction, condemnation, theft or defects in title, there is substantial interference with the use and right of possession by the County of the Leased Premises or any portion thereof. Failure of the County to pay Base Rental as a result of any such abatement shall not constitute a default under the Sublease, the Trust Agreement or this Certificate.

To the extent and in the manner permitted by the terms of the Trust Agreement, the provisions of the Trust Agreement may be amended by the parties thereto with the written consent of the owners of a majority of the Total Certificate Obligation. The Trust Agreement may be amended without such consent under certain circumstances, provided that the interests of the owners of the Certificates are not adversely affected. No amendment shall impair the right of any owner to receive in any case such owner's proportionate share of any Base Rental payment in accordance with such owner's Certificate.

Registration of this Certificate is transferable by the registered owner hereof, in person or by his or her attorney duly authorized in writing, at the aforesaid offices of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges, provided in the Trust Agreement and upon surrender and cancellation of this Certificate. Upon such registration of transfer, a new Certificate or Certificates, of like tenor and maturity in the same aggregate principal amount and in authorized denominations will be issued to the transferee in exchange hereof. The County and the Trustee may treat the registered owner hereof as the absolute owner hereof for all purposes, whether or not this Certificate shall be overdue, and shall not be affected by any notice to the contrary.

The 2012 Refunding Certificates are deliverable in the denominations of $5,000 or any integral multiple thereof.

[The 2012 Refunding Certificates are subject to extraordinary, optional and mandatory prepayment at the times, in the manner, at the prepayment prices and upon notice as specified in the Trust Agreement.]

The Trustee has no obligation or liability to the Certificate owners to make any payments with respect to the Certificates, except from amounts on deposit for such purposes with the Trustee. The Trustee's sole obligations are to administer for the benefit of the Certificate owners the various funds and accounts established under the Trust Agreement and, to the extent provided in the Trust Agreement, to enforce the rights of the Authority under the Sublease.

Unless this Certificate is presented by an authorized representative of The Depository Trust Company to the Trustee for registration of transfer, exchange or payment, and any Certificate issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the Registered Owner hereof, Cede & Co., has an interest herein.

This Certificate shall not be entitled to any benefit under the Trust Agreement or become valid for any purpose, until it has been duly executed and delivered by the Trustee.

The County has certified, recited and declared that all things, conditions and acts required by the Constitution and laws of the State and the Trust Agreement to exist, to have happened and to have been performed precedent to and in the execution and the delivery of this Certificate, do exist, have happened and have been performed in due time, form and manner, as required by law.

IN WITNESS WHEREOF, this Certificate has been executed and delivered by the Trustee, acting pursuant to the Trust Agreement.

Date: ____________

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

By: ___________________________
Authorized Signatory

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto ___________________________ the within-mentioned Certificate and hereby irrevocably constitute(s) and appoint(s) ____________________ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Dated: ____________, _____.

Note: The signature(s) on this Certificate must correspond with the name(s) as written on the face of the within registered Certificate in every particular, without alteration or enlargement or any change whatsoever.

Tax Identification Number of Assignee: ______________________

Signature Guaranteed: ______________________________

Note: Signature(s) must be guaranteed by an eligible guarantor institution.

EXHIBIT B

FORM OF COSTS OF ISSUANCE / ADMINISTRATIVE EXPENSE PAYMENT REQUEST

(Letterhead of County of Los Angeles)

PAYMENT
REQUEST NO. ____

U.S. Ban National Association
633 West Fifth Street, 24th Floor
Los Angeles, California 90071

Attention: Corporate Trust Department

Re: $__________ County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

Pursuant to Section 3.02 of the Supplemental Trust Agreement No. 2, dated as of __________ 1, 2012, (the "Supplemental Trust Agreement"), by and between the County of Los Angeles and you, as Trustee, you are hereby instructed to disburse the sum of $________________ from the 2012 Costs of Issuance Account of the Construction Fund established under the Supplemental Trust Agreement. You are instructed to pay such disbursement to the order of the following payee, and for the following cost(s) and/or expense(s).

Payee ________________________

Cost(s) and/or expense(s) for which disbursement is requested: ____.

Dated: __________________

COUNTY OF LOS ANGELES

By:_________________________________
County Representative

$[Principal Amount]
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

PURCHASE AGREEMENT

[Pricing Date]

Board of Supervisors
County of Los Angeles, California
Los Angeles, California

Ladies and Gentlemen:

The undersigned, Wells Fargo Bank, N.A., as Representative (the "Representative") on behalf of itself and the other underwriters set forth on Exhibit A hereto (the "Underwriters"), offers to enter into this Purchase Agreement (the "Purchase Agreement") with the County of Los Angeles, a political subdivision of the State of California (the "County"), which, upon acceptance of this offer by the County, will be binding upon the County and the Underwriters. This offer is made subject to receipt by the Underwriters of the documents referred to in Section 9 hereof and to acceptance by the County by execution and delivery of this Purchase Agreement to the Underwriters at or prior to 8:00 P.M., California time, on the date first above written, and if not so accepted will be subject to withdrawal by the Underwriters upon notice delivered to the County at any time prior to the acceptance hereof by the County. Capitalized terms in this Purchase Agreement that are not otherwise defined herein shall have the meanings given to such terms in the Trust Agreement (herein defined).

1. Purchase and Sale. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements hereinafter set forth, the Underwriters hereby agree to purchase from the County to offer to the public, and the County hereby agrees to cause, U.S. Bank National Association, a national bank association organized and existing under the laws of the United States of America, as Trustee ("the Trustee"), to deliver to the Underwriters for such purpose, all (but not less than all), in the manner provided herein, of the $[Principal Amount] aggregate principal amount of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates"). The 2012 Refunding Certificates are being executed and delivered pursuant to the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), as amended and supplemented by the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement") and the Supplemental Trust Agreement No. 2, dated as of March 1, 2012 (the "Second Supplemental Trust Agreement" and, together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "Trust Agreement"), each by and between the County and the Trustee.

The 2012 Refunding Certificates shall be delivered in fully registered form in denominations of $5,000 or any integral multiple thereof. The 2012 Refunding Certificates shall be dated their date of delivery and mature on the dates and in the principal and interest with respect thereto shall be computed at the rates, all as shown in Exhibit B. Interest with respect to the 2012 Refunding Certificates will be payable semiannually each March 1 and September 1, commencing on [First Interest Payment Date]. The 2012 Refunding Certificates shall otherwise be as described in the Official Statement (as defined herein) with respect to the 2012 Refunding Certificates, dated [Pricing Date], and be subject to prepayment as provided therein.

The aggregate purchase price of the 2012 Refunding Certificates shall be $[Purchase Price] (representing the aggregate principal amount of the 2012 Refunding Certificates of $[Principal Amount], plus/minus an original issue premium/discount of $[OIP/OID], and less an Underwriters' discount of $[UW Discount]).

The County acknowledges and agrees that the purchase and sale of the 2012 Refunding Certificates pursuant to this Purchase Agreement is an arm's-length commercial transaction between the County and the Underwriters and the Underwriters are acting solely as underwriters and principals in connection with the matters contemplated by and all communications under this Purchase Agreement, and are not acting as the agents, fiduciaries, or Municipal Advisors (as defined in Section 15B of the Securities Exchange Act of 1934, as amended) of the County and its advisors in connection with the matters contemplated by this Purchase Agreement. In connection with the purchase and sale of the 2012 Refunding Certificates, the County has consulted its own financial and other advisors to the extent it deems appropriate.

2. The 2012 Refunding Certificates. The 2012 Refunding Certificates shall be executed and delivered in accordance a resolution of the Authority approving the execution and delivery of the 2012 Refunding Certificates and certain matters relating thereto (the "the Authority Resolution") and a resolution of the County approving the execution and delivery of the 2012 Refunding Certificates and certain matters relating thereto (the "County Resolution").

Principal and interest payments represented by the 2012 Refunding Certificates are payable from base rental payments ("Base Rental") to be made by the County under the Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"), by and between the County and the Parking Authority of the County of Los Angeles (the "Authority"), as amended by the Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease") and the Amendment No. 2 to Garage Sublease, dated as of March 1, 2012 (the "Second Amendment to Sublease" and, together with the Original Sublease and the First Amendment to Sublease, the "Sublease"), each such amendment by and among the County, the Authority and the Trustee, in consideration for the use of certain real property (the "Leased Premises"). The Authority acquired its leasehold interest in the portion of the Leased Premises consisting of a certain garage parcel pursuant to the Garage Site Lease, dated as of December 23, 1992 (the "Site Lease"), by and between the County. Pursuant to the Garage Assignment Agreement, dated as of January 1, 1993 (the "Original Assignment Agreement"), as confirmed by the Garage Assignment Agreement, dated as of December 1, 1998 (the "1998 Assignment Agreement"), and the Garage Assignment Agreement, dated as of March 1, 2012 (the "2012 Assignment Agreement" and, together with the Original Assignment Agreement and the 1998 Assignment Agreement, the "Assignment Agreement"), each by and between the Authority and the Trustee, the Authority has assigned to the Trustee for the benefit of the Owners all of its right, title and interest in and to the Site Lease and the Sublease (other than its rights to indemnification and its rights to payment of its expenses).

3. Purpose of the 2012 Refunding Certificates. The proceeds of the 2012 Refunding Certificates will be used to (i) refund the County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Certificates") and (ii) pay certain costs of issuance incurred in connection with the 2012 Refunding Certificates.

Upon delivery of the 2012 Refunding Certificates, a portion of the proceeds thereof will be deposited into an escrow fund (the "Escrow Fund") established under the Disney Concert Hall Parking Escrow Agreement, dated as of March 1, 2012 (the "Escrow Agreement"), by and between the County and U.S. Bank National Association, as Escrow Agent thereunder (the "Escrow Agent").

4. Offering. (a) It shall be a condition to the County's obligation to cause the execution, delivery and sale of the 2012 Refunding Certificates to the Underwriters and to the Underwriters' obligations to purchase, accept delivery of and pay for the 2012 Refunding Certificates that the entire aggregate principal amount of the 2012 Refunding Certificates referred to in Section 1 shall be executed and delivered by the County and purchased, accepted and paid for by the Underwriters at the Closing (as defined herein). The Underwriters agree to make a bona fide public offering of all the 2012 Refunding Certificates, at prices not in excess of the initial public offering prices or yields for the 2012 Refunding Certificates as set forth in the Official Statement (as herein defined); provided that the 2012 Refunding Certificates may be offered and sold to certain dealers, certain of which may be sponsored or managed by the Underwriters, at prices lower than such public offering prices and may effect transactions that stabilize or maintain the market price of the 2012 Refunding Certificates. The County hereby authorize the use by the Underwriters of this Purchase Agreement, the Trust Agreement, the Sublease, the Site Lease, the Assignment Agreement, the Escrow Agreement, the Authority Resolution, the County Resolution, the Continuing Disclosure Certificate, dated as of March 1, 2012 (the "Disclosure Certificate") and the Official Statement, and any supplements or amendments thereto, and the information contained in each of such documents, in connection with the public offering and sale of the 2012 Refunding Certificates (each as defined herein and, collectively, the "Legal Documents").

(b) The Underwriters agree as follows:

(i) to file, on or before the date of Closing, a copy of the Official Statement, including any supplements thereto, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system; and

(ii) to take any and all actions necessary to comply with rules of the U.S. Securities and Exchange Commission and Municipal Securities Rulemaking Board which are applicable to the Underwriters governing the offering, sale and delivery of the 2012 Refunding Certificates to the ultimate purchasers.

5. Official Statement. Upon the County's acceptance of this offer, the County shall be deemed to have ratified, approved and confirmed the Preliminary Official Statement dated [February 22, 2012] (together with any appendices thereto, any documents incorporated therein by reference and any supplements or amendments thereto and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form,

the “Preliminary Official Statement”) with respect to the 2012 Refunding Certificates, in connection with the public offering and sale of the 2012 Refunding Certificates by the Underwriters. The County shall deliver to the Underwriters copies of the Official Statement in such quantities as the Underwriters shall reasonably request, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes as shall have been accepted by the Representative (said document, including its cover page, inside cover page and appendices, as the same may be amended and supplemented in accordance with this Purchase Agreement and as disseminated in its printed physical form or in electronic form in all respects materially consistent with such physical form, the “Official Statement”), approved for distribution pursuant to the County Resolution. The County shall, as soon as practicable, but not later than seven (7) business days from the date hereof, deliver to the Underwriters such copies of the Official Statement and, in the event the date of Closing is less than seven (7) business days after the date hereof, upon request of the Representative, in sufficient time to accompany any confirmation requesting payment from any customers of any Underwriter and not later than three (3) business days prior to Closing; provided, however, that the failure of the County to comply with this clause (i) due to any circumstance outside of the control of the County shall not constitute cause for a failure of or refusal by the Underwriters to accept delivery of, or pay for, the 2012 Refunding Certificates.

6. Representations, Warranties and Agreements of the County. The County hereby represents, warrants and agrees with the Underwriters as follows:

(a) the County is, and will be on the date of Closing, a political subdivision of the State of California (the “State”) organized and operating pursuant to the Constitution and laws of the State with the full power and authority to execute and deliver the 2012 Refunding Certificates and the Legal Documents to be executed by it and to own its properties and to carry on its business as presently conducted;

(b) by official action of the County, prior to or concurrently with the acceptance hereof, the County has duly authorized and approved the execution and delivery of, and the performance by the County of the obligations on its part contained in, the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by the Legal Documents;

(c) this Purchase Agreement, the Preliminary Official Statement and the Official Statement have been, as of the date hereof, and the other Legal Documents will have been as of the date of Closing, duly authorized, executed and delivered by the County and constitute legal, valid and binding agreements of the County, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought;

(d) to the best knowledge of the County, the execution and delivery of the 2012 Refunding Certificates and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County’s part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or to which the County or any of the Leased Premises or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(e) to the best knowledge of the County, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(f) to the best knowledge of the County, and except as disclosed in the Preliminary Official Statement and in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the County or threatened against the County in any material respect affecting the existence of the County or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the County Resolution or the sale of the 2012 Refunding Certificates or the payment of Base Rental as required under the Sublease or in any way contesting or affecting the validity or enforceability of the Legal Documents or contesting the powers of the County or its authority to enter into, adopt or perform its obligations under any of the foregoing, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or any amendment or supplement thereto, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the County or this Purchase Agreement or that could have a material adverse impact upon the ability of the County to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the County or in any way contesting the existence or powers of the County;

(g) the County will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the 2012 Refunding Certificates for offer and sale under the blue sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the 2012 Refunding Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the 2012 Refunding Certificates; provided, however, that in no event shall the County be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(h) the information contained in the Preliminary Official Statement was, as of the date thereof, and is, as of the date hereof (excluding any information permitted to be omitted pursuant to Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12")), and the information contained in the Official Statement will be, as of the Closing Date, true and correct in all material respects and such information did not, does not and will not, as applicable, contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) if between the date hereof and the date which is 25 days after the End of the Underwriting Period for the 2012 Refunding Certificates, an event occurs which might or would cause the information contained in the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading, the County will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the County shall prepare and furnish to the Underwriters (at the expense of the County) a reasonable number of copies of an amendment of or supplement to the Official Statement (in form and substance satisfactory to counsel for the Underwriters) that will amend or supplement the Official Statement so that it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances existing at the time the Official Statement is delivered to prospective purchasers, not misleading; provided that, for the purposes of this subsection, between the date hereof and the date that is 25 days after the End of the Underwriting Period for the 2012 Refunding Certificates, the County will furnish such information with respect to itself as the Representative may from time to time reasonably request; provided, further, as used in this Purchase Agreement, the term "End of the Underwriting Period" for the 2012 Refunding Certificates shall mean the earlier of (i) the Closing Date unless the County shall have been notified in writing to the contrary by the Representative on or prior to said date or (ii) the date on which the End of the Underwriting Period for the 2012 Refunding Certificates has occurred under Rule 15c2-12, provided, however, that the County may treat as the End of the Underwriting Period for the 2012 Refunding Certificates as the date specified as such in a notice from the Representative stating the date that is the End of the Underwriting Period;

(j) if the information contained in the Official Statement is amended or supplemented pursuant to the terms hereof, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is

25 days after the End of the Underwriting Period for the 2012 Refunding Certificates, the County will further amend or supplement the Official Statement so that the Official Statement, as supplemented or amended (including any financial and statistical data contained therein), will not contain any untrue statement of a material fact or omit to state a material fact necessary to make such information therein, in the light of the circumstances under which it was presented, not misleading;

(k) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the County of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the 2012 Refunding Certificates by the Underwriters;

(l) after the date of Closing, the County will not participate in the issuance of any amendment of or supplement to the Official Statement to which, after being furnished with a copy, the Representative shall reasonably object in writing or which shall be disapproved by counsel for the Underwriters;

(m) the financial statements of, and other financial information regarding, the County contained in the Official Statement fairly present the financial position and results of the operations of the County as of the dates and for the periods therein set forth, and, to the best of the County's knowledge, (i) the audited financial statements have been prepared in accordance with generally accepted accounting principles consistently applied, and (ii) the other financial information has been determined on a basis substantially consistent with that of the County's audited financial statements included in the Official Statement;

(n) any certificate signed by an Authorized County Representative and delivered to the Representative pursuant to this Purchase Agreement shall be deemed a representation and warranty by the County to each of the Underwriters as to the truth of the statements therein made; and

(o) the exceptions set forth in the preliminary title report with respect to the Leased Premises, subject to permitted encumbrances, do not, and the exceptions set forth in the policy or policies of title insurance will not, materially impair the value of the Leased Premises, the existing facilities thereon or the sites thereof, nor materially impair the County's use of the same pursuant to the Sublease, including the sublease of the Leased Premises subject to certain conditions.

7. Closing. At 8:00 a.m., California time, on [March 6, 2012], or at such other date and time as shall have been mutually agreed upon by the County and the Representative, the County will cause to be executed and delivered to the Representative the 2012 Refunding Certificates in definite form duly executed and delivered by the Trustee in book-entry form through the facilities of The Depository Trust Company, New York, New York ("DTC") as described below, or at such other place upon which the Representative, the County may mutually agree, and the other documents hereinafter mentioned shall be delivered at the office of Orrick,

Herrington & Sutcliffe LLP, Los Angeles, California ("Special Counsel"), or at such other place as shall have been mutually agreed upon by the County and the Representative. The Representative will accept such 2012 Refunding Certificates through the facilities of DTC and pay the purchase price of the 2012 Refunding Certificates as set forth in Section 1 hereof in federal or other immediately available funds. Subject to the terms and conditions hereof, the Representative will accept delivery of the 2012 Refunding Certificates and pay the purchase price thereof as set forth herein in federal or other immediately available funds (such delivery of and payment for the 2012 Refunding Certificates is herein called the "Closing"). The 2012 Refunding Certificates shall be prepared and delivered to the Representative on the date of Closing in the form of one certificate for each series, fully registered in the name of Cede & Co., as nominee of DTC.

8. Closing Conditions. The Underwriters have entered into this Purchase Agreement in reliance upon the representations, warranties and agreements of the County contained herein, the representations, warranties and agreements to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of their respective obligations herein, both as of the date hereof and as of the date of Closing. Accordingly, the Underwriters' obligations under this Purchase Agreement to purchase, accept delivery of, and pay for the 2012 Refunding Certificates shall be conditioned upon the performance by the County of their obligations to be performed herein and the accuracy and delivery of the documents and instruments required to be delivered hereby at or prior to the Closing, and shall also be subject to the following additional conditions:

(a) the representations and warranties of the County contained or incorporated herein shall be true, complete and correct in all material respects at the date hereof and on and as of the date of Closing as if made on the date of Closing;

(b) at the time of the Closing, the Legal Documents shall be in full force and effect as valid and binding agreements between the various parties thereto, and the Legal Documents and the Official Statement shall not have been amended, modified or supplemented after the date thereof except as may have been agreed to in writing by the Representative, there shall be in full force and effect such resolutions as, in the opinion of Special Counsel, shall be necessary in connection with the transactions contemplated hereby and by the Legal Documents and the County shall have performed their obligations required under or specified in the Legal Documents to be performed at or prior to the Closing;

(c) at the time of the Closing, all official actions of the County relating to the Legal Documents and the 2012 Refunding Certificates shall be in full force and effect in accordance with their respective terms and shall not have been amended, modified or supplemented in any material respect from the date hereof except as may have been agreed to in writing by the Representative;

(d) at the time of Closing, the Official Statement (as amended and supplemented) shall be true and correct in all material respects, and shall not omit any statement or information necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(e) at or prior to the time of Closing, the Representative shall receive the following documents, in each case reasonably satisfactory in form and substance to the Representative:

(i) the Official Statement and each supplement or amendment thereto, if any;

(ii) executed copies of the Legal Documents;

(iii) the unqualified approving opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel, dated the date of Closing and addressed to the County, substantially in the form set forth in Appendix F to the Official Statement, together with a letter of such counsel, dated the date of Closing and addressed to the Underwriters, to the effect that the foregoing approving legal opinion addressed to the County may be relied upon by the Underwriters to the same extent as if such letter were addressed to them;

(iv) a supplemental opinion of Special Counsel dated the date of Closing and addressed to the Underwriters to the effect that:

(A) this Purchase Agreement have been duly executed and delivered by, and constitute the valid and binding obligations of, the County in accordance with their terms, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws or equitable principles relating to creditors' rights generally (provided that no opinion regarding the adequacy of the Disclosure Certificate for purposes of Rule 15c2-12 need be provided);

(B) the 2012 Refunding Certificates are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended; and

(C) the statements contained in the Official Statement under the captions "THE 2012 REFUNDING CERTIFICATES," "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES," and "TAX MATTERS" and in APPENDIX C – "Summary of Principal Legal Documents," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of the 2012 Refunding Certificates, the Site Lease, the Sublease and the Trust Agreement and the form and content of said firm's final legal opinion, are accurate in all material respects;

(v) an opinion of the County Counsel, as counsel to the County, dated the date of Closing and addressed to the Underwriters to the effect that:

(A) the County is a political subdivision of the State, duly organized and validly existing pursuant to the laws and Constitution of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under, the Legal Documents to which it is a party and the 2012 Refunding Certificates;

(B) the County Resolution was duly adopted at a meeting of the Board of Supervisors of the County, as the governing board of the County, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the 2012 Refunding Certificates have been duly authorized by the County and the Legal Documents to which the County is a party have been duly authorized, executed and delivered by the County, and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the County, enforceable against the County in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the County is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the County is a party or is otherwise subject, which breach or default would materially adversely affect the County's ability to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; and the execution and delivery of the Legal Documents by the County and compliance with the provisions on the County's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the County is a party or to which the County or the Leased Premises or its assets is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the County under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the Legal Documents executed by the County;

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the County or threatened against the County affecting the corporate existence of the County or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution and delivery of the 2012 Refunding Certificates, the County's covenant to make the necessary annual appropriations for all such Base Rental as required under the Sublease or contesting or affecting as to the County the validity or enforceability of the Legal Documents to be executed by the County, or contesting the tax-exempt status of payment and interest as would be received by the Owners of the 2012 Refunding Certificates, or contesting the completeness or accuracy of the Official

Statement or any supplement or amendment thereto, or contesting the powers of the County or any authorization in connection with the sale of the 2012 Refunding Certificates, the adoption of the County Resolution, or the execution and delivery by the County of the Legal Documents to which the County is party wherein an unfavorable decision, ruling or finding which would materially adversely affect the performance by the County of its obligations under and in connection with the Legal Documents to which the County is a party; and

(F) the preparation and distribution of the Official Statement has been duly authorized by the Board of Supervisors of the County;

(vi) an opinion of the County Counsel, as counsel to the Authority, dated the date of Closing and addressed to the Underwriters to the effect that:

(A) the Authority is a parking authority duly organized and operating pursuant to the Streets and Highways Code of the State, and has full legal right, power and authority to execute and deliver, and to perform its obligations under the Legal Documents to which it is a party;

(B) the Authority Resolution was duly adopted at a meeting of the Board of Directors of the Authority, which was called and held pursuant to law and with all public notice required by law and at which a quorum was present and acting at the time of adoption;

(C) the 2012 Refunding Certificates have been duly authorized by the Authority and the Legal Documents to which the Authority is a party have been duly authorized, executed and delivered by the Authority and, assuming due authorization, execution and delivery by the other respective parties thereto, constitute legal, valid and binding obligations of the Authority, enforceable against the Authority in accordance with their respective terms;

(D) to the best of County Counsel's knowledge, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under the Legal Documents to be executed by it, and, to the best of County Counsel's knowledge, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default; the execution and delivery of the Legal Documents by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to County Counsel after reasonable inquiry to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except Legal Documents executed by the Authority; and the execution and delivery of the Legal Documents, and compliance with the provisions on the Authority's part contained therein will not conflict with or constitute a material breach of or default under any constitutional provision, law, administrative regulation, judgment or decree or any provision of any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to us after reasonable inquiry to which the Authority is a party or to which the Authority, the Leased Premises or the assets of the Authority is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the Leased Premises or assets of the Authority or under the terms of any such law, regulation or instrument, except as expressly provided by the 2012 Refunding Certificates (as set forth in the Trust Agreement), the Site Lease, the Sublease, the Authority Resolution, or the Purchase Agreement; and

(E) to the best of County Counsel's knowledge, and except as disclosed in the Official Statement, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority affecting the corporate existence of the Authority or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the execution, delivery or sale of the 2012 Refunding Certificates or the County's covenant to make the necessary annual appropriations for all the Base Rental as required under the Sublease or contesting or affecting as to the Authority the validity or enforceability of the Legal Documents to be executed by the Authority, or contesting the powers of the Authority or any authorization in connection with the sale of the 2012 Refunding Certificates, the adoption of the Authority Resolution, or the execution and delivery by the Authority of the Legal Documents to which the Authority is a party wherein an unfavorable decision, ruling or finding which would materially adversely affect the performance by the Authority of its obligations under and in connection with the Legal Documents;

(vii) a certificate of a County Representative dated the date of Closing to the effect that:

(A) the representations and warranties of the County contained herein are true and correct in all material respects on and as of the date of Closing as if made on the date of Closing, except that all references herein to the Preliminary Official Statement shall be deemed to be references to the Official Statement;

(B) to the best of his or her knowledge, no event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the

Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(C) the County has obtained insurance, or otherwise provided for self-insurance, as required by the Sublease and all required policies are in full force and effect and have not been revoked or rescinded;

(D) to the best knowledge of the County Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the County, or threatened against the County which if adversely determined, could materially adversely affect the financial position of the County; and

(E) the County has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(viii) a certificate of an Authority Representative dated the date of Closing to the effect that:

(A) the Authority is, and will be on the Closing Date, an authority duly organized and operating pursuant to the Streets and Highways Code of the State with the full power and authority to execute and deliver the Legal Documents to be executed by it and own its properties and carry on its business as presently conducted;

(B) by official action of the Authority prior to or concurrently with the acceptance hereof, the Authority has duly authorized and approved the execution and delivery of, and the performance by the Authority of the obligations on its part contained in the Legal Documents to be executed by it and the consummation by it of all other transactions contemplated by such Legal Documents;

(C) the Legal Documents to which the Authority is a party will have been, as of the date of Closing, duly authorized, executed and delivered by the Authority and constitute legal, valid and binding agreements of the Authority, enforceable in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency or other laws affecting enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(D) to the best knowledge of the Authority, the execution and delivery of the 2012 Refunding Certificates and the execution and delivery of the Legal Documents to be executed by the Authority and compliance with the provisions on the Authority's part contained herein and therein, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the properties or assets of the Authority under the terms of any such law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument, except as provided in the 2012 Refunding Certificates or the Legal Documents executed by the Authority;

(E) to the best knowledge of the Authority, the Authority is not in breach of or default under any applicable law or administrative regulation of the State or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument to which the Authority is a party or is otherwise subject, which breach or default would materially adversely affect the Authority's ability to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under the Legal Documents to be executed by it, and, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute such a breach or default;

(F) to the best knowledge of the Authority, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending in which service of process has been completed against the Authority or threatened against the Authority in any material respect affecting the existence of the Authority or the titles of its officers to their respective offices or seeking to prohibit, restrain or enjoin the adoption of the Authority Resolution or the sale of the 2012 Refunding Certificates or the assignment of the Base Rental with respect the 2012 Refunding Certificates to the Trustee or in any way contesting or affecting the validity or enforceability of the Legal Documents to be executed by the Authority or contesting the powers of the Authority or its authority to enter into, adopt or perform its obligations under any of the foregoing, wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Legal Documents to be executed by the Authority or that could have a material adverse impact upon the ability of the Authority to cause the execution and delivery of the 2012 Refunding Certificates or enter into or perform its obligations under such documents or that may result in any material adverse change in the business, properties, assets or the financial condition of the Authority or in any way contesting the existence or powers of the Authority;

(G) the Authority will furnish such information, execute such instruments and take such other actions in cooperation with the Representative as the Representative may reasonably request in order (i) to qualify the 2012 Refunding Certificates for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Representative may designate and (ii) to determine the eligibility of the 2012 Refunding Certificates for investment under the laws of such states and other jurisdictions, and will use its best efforts to continue such qualification in effect so long as required for distribution of the 2012 Refunding Certificates; provided, however, that in no event shall the Authority be required to qualify to do business or consent to service of process in any jurisdiction without its approval;

(H) the information regarding the Authority contained in the Official Statement as of its date was and as of the Closing Date is true and correct in all material respects and such information did not and does not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(I) except as may be required under blue sky or other securities laws of any state, no consent, approval, authorization or order of any State court or governmental body is required for the consummation by the Authority of the transactions contemplated by the Official Statement, except such as have been obtained and except such as may be required under state securities or blue sky laws in connection with the purchase and distribution of the by the Underwriters;

(J) to the best of his or her knowledge, no event affecting the Authority has occurred since the date of the Official Statement which should be disclosed in the Official Statement, as the same may be supplemented or amended, in order that the Official Statement not contain an untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they are made, not misleading;

(K) to the best knowledge of the Authority Representative, there does not exist any action, suit, proceeding or investigation pending in which service of process has been completed against the Authority, or threatened against the Authority which if adversely determined, could materially adversely affect the performance by the Authority of its obligations under and in connection with the Legal Documents to which the Authority is a party; and

(L) the Authority has complied with all of the agreements and satisfied all of the conditions on its part to be performed or satisfied pursuant to the Legal Documents to which it is a party at or prior to the time of Closing;

(ix) a certificate of U.S. Bank National Association ("U.S. Bank"), in its capacities as Trustee and Escrow Agent, dated the date of Closing to the effect that:

(A) U.S. Bank is duly organized and existing as a national banking association organized and existing under the laws of the United States of America, having the full power and authority to enter into and perform its duties under the Trust Agreement, the Assignment Agreement and the Escrow Agreement and to execute and deliver the 2012 Refunding Certificates;

(B) U.S. Bank is duly authorized to enter into the Trust Agreement, the Assignment Agreement and the Escrow Agreement, and, when the Trust Agreement is duly authorized, executed and delivered by the other parties thereto, to execute and deliver the 2012 Refunding Certificates to the Representative pursuant to the terms of the Trust Agreement;

(C) the execution and delivery by U.S. Bank of the Trust Agreement, the Assignment Agreement, the Escrow Agreement and the 2012 Refunding Certificates, and compliance with the terms thereof, will not conflict with, or result in a violation or breach of, or constitute a default under, any loan agreement, indenture, bond, note, resolution or any other agreement or instrument to which U.S. Bank is a party or by which it is bound, or, to its best knowledge, any law or any rule, regulation, order or decree of any court or governmental agency or body having jurisdiction over U.S. Bank or any of its activities or properties (except that no representation, warranty or agreement is made by U.S. Bank with respect to any federal or state securities or blue sky laws or regulations);

(D) no authorization, approval, consent or order of any governmental agency or any other person is required for the valid authorization, execution and delivery of the Trust Agreement, the Assignment Agreement and the Escrow Agreement by U.S. Bank or the delivery of the 2012 Refunding Certificates by U.S. Bank;

(E) there is no action, suit, proceeding or investigation at law or in equity before or by any court, public board or body, that has been served on, or, to the best of the knowledge of U.S. Bank, threatened against or affecting the existence of U.S. Bank or in any way contesting or affecting the validity or enforceability of the 2012 Refunding Certificates, the Trust Agreement, the Assignment Agreement or the Escrow Agreement, or contesting the powers of U.S. Bank or its authority to enter into and perform its obligations under any of the foregoing, or wherein an unfavorable decision, ruling or finding would adversely affect U.S. Bank or the transactions contemplated in connection with the delivery of the 2012 Refunding Certificates, or which, in any way, would adversely affect the validity of the 2012 Refunding Certificates, the Trust Agreement, the Assignment Agreement, the Escrow Agreement or any agreement or instrument to which U.S. Bank is a party and which is used or contemplated for use in the Trust Agreement, the Assignment Agreement or the Escrow Agreement, or the consummation of the transactions contemplated in connection with the execution and delivery of the 2012 Refunding Certificates; and

(F) subject to the provisions of the Trust Agreement and the Escrow Agreement, U.S. Bank will apply the proceeds from the 2012 Refunding Certificates to the purposes specified in the Trust Agreement and the Escrow Agreement;

(x) an opinion of counsel to U.S. Bank, in its capacities as Trustee and Escrow Agent, dated the date of Closing addressed to the County, the Authority and the Underwriters to the effect that:

(A) U.S. Bank is a national banking association organized and existing under the laws of the United States, having full power and being qualified to enter, accept and administer the trust created under the Trust Agreement, to deliver the 2012 Refunding Certificates and to execute and deliver the Assignment Agreement and Escrow Agreement; and

(B) the 2012 Refunding Certificates have been duly executed and delivered by U.S. Bank in accordance with the Trust Agreement, and the Trust Agreement, the Assignment Agreement and the Escrow Agreement have been duly authorized, executed and delivered by U.S. Bank and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute the legal, valid and binding obligations of U.S. Bank enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors' rights generally and by the application of equitable principles if equitable remedies are sought;

(xi) an opinion of Hawkins Delafield & Wood LLP, Los Angeles, California, as counsel to the Underwriters, dated the date of Closing and addressed to the Underwriters in form reasonably satisfactory to the Representative;

(xii) evidence of the existence and validity of a policy or policies of title insurance with respect to the Leased Premises;

(xiii) certified copies of the general resolution of U.S. Bank authorizing the execution and delivery of certain documents by certain officers of U.S. Bank, which resolution authorizes the execution and delivery of the Trust Agreement and the Escrow Agreement;

(xiv) a copy of the Authority Resolution certified by the Clerk of the Board of Directors of the Authority authorizing the execution and delivery of the Legal Documents to which the Authority is a party;

(xv) a copy of the County Resolution certified by the Clerk of the Board of Supervisors of the County authorizing the execution and delivery of the Legal Documents to which the County is a party;

(xvi) an executed copy of the Tax Certificate for the 2012 Refunding Certificates in form and substance acceptable to Special Counsel;

(xvii) evidence from Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's) that the 2012 Refunding Certificates have been rated "__," "__" and "__," respectively, by such rating agencies;

(xviii) such additional legal opinions, certificates, instruments and other documents as Special Counsel or the Underwriters may reasonably request to evidence compliance by the Trustee, the County with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement, the lack of any material adverse litigation or proceeding and the due performance or satisfaction by the Trustee, the County, at or prior to such time of all agreements the to be performed and all conditions then to be satisfied.

9. Termination. The Representative shall have the right to terminate in its discretion the Underwriters' obligations under this Purchase Agreement to purchase, to accept delivery of and to pay for the 2012 Refunding Certificates by notifying the County or Authority of its election to do so if, after the execution hereof and prior to the Closing:

(a) Legislation shall be enacted by the Congress of the United States or favorably reported out for passage to either House of Congress by any committee of such House, or passed by either House of Congress, or a decision shall have been rendered by a court of the United States or the United States Tax Court, or a ruling shall have been made or a regulation shall have been proposed or made by the Treasury Department of the United States or the Internal Revenue Service, with respect to the federal taxation of interest received on or evidenced by obligations of the general character of the 2012 Refunding Certificates, which, in the opinion of Special Counsel has, or will have, the effect of making such interest subject to inclusion in gross income for purposes of federal income taxation, except to the extent such interest shall be includable in such gross income as of the date hereof;

(b) any action shall have been taken by the Securities and Exchange Commission or by a court which would require registration of any security under the Securities Act of 1933, as amended, or qualification of the Trust Agreement under the Trust Indenture Act of 1939, as amended, in connection with the public offering of the 2012 Refunding Certificates, or any action shall have been taken by any court or by any government authority suspending the use of the Official Statement or any amendment or supplement thereto, or any proceeding for that purpose shall have been initiated or threatened in any such court or by any such authority;

(c) (i) the Constitution of the State shall be amended or an amendment shall qualify for the ballot, or (ii) legislation shall be enacted, or (iii) a decision shall have been rendered as to matters of State law, or (iv) any order, ruling or regulation shall have been issued or proposed by or on behalf of the State by an official, agency or department thereof, affecting the tax status of the County or Authority, its property or income, its bonds or notes (including the 2012 Refunding Certificates) or the interest thereon, which in the reasonable judgment of the Representative would make it impracticable to market the 2012 Refunding Certificates on the terms and in the manner contemplated in the Official Statement;

(d) (i) trading of any securities of the County shall have been suspended on any exchange or in any over-the-counter market, (ii) a general banking moratorium by Federal, New York or California authorities or a general suspension of trading on any national securities exchange shall have been declared or a material disruption in commercial banking or securities settlement or clearances services affecting the 2012 Refunding Certificates shall have occurred, or (iii) a national emergency or war or other crisis shall have been declared by the United States or there shall have occurred an outbreak or escalation in major military hostilities by the United States or any calamity relating to the effective operation of the government or the financial community in the United States which, in the case of any of the events specified in clauses (i) through (iii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the 2012 Refunding Certificates on the terms and in the manner contemplated in the Official Statement;,

(e) there shall have occurred any downgrading, or any notice shall have been given of any downgrading, in the rating accorded the 2012 Refunding Certificates by Fitch, Moody's or Standard & Poor's;

(f) the New York Stock Exchange or other national securities exchange, or any governmental authority shall have: (i) imposed additional material restrictions not in force as of the date hereof with respect to trading in the 2012 Refunding Certificates; or (ii) materially increased restrictions now in force with respect to the extension of credit by or the charge to the net capital requirements of underwriters or broker-dealers, which, in the case any of the events specified in clauses (i) or (ii), either singly or together with any other such event, makes it, in the reasonable judgment of the Representative, impracticable to market the 2012 Refunding Certificates, including any supplements or amendments thereto;

(g) the purchase of and payment for the 2012 Refunding Certificates by the Underwriters, or the resale of the 2012 Refunding Certificates by the Underwriters, on the terms and conditions herein provided shall be prohibited by any applicable law, governmental authority, board, agency or commission; or

(h) any event or circumstance shall exist that either makes untrue or incorrect in any material respect any statement or information in the Official Statement (other than any statement provided by the Underwriters or pertaining to DTC) or is not reflected in the Official Statement but should be reflected therein in order to make the statements therein, in the light of the circumstances under which they were made, not misleading and, in either such event, the County refuses to permit the Official Statement to be supplemented to supply such statement or information.

10. Expenses. (a) The Underwriters shall be under no obligation to pay and the County shall pay or cause to be paid the expenses incident to the performance of their obligations hereunder including, but not limited to, (i) the cost of preparation, printing and delivery of the Legal Documents; (ii) the costs of preparation, printing and delivery of the Preliminary Official Statement and the Official Statement and any supplements and amendments thereto; (iii) the cost of preparation and printing of the 2012 Refunding Certificates; (iv) the fees and disbursements of Special Counsel and the County Counsel; (v) the fees and disbursements of Public Resources Advisory Group for its services as financial advisor to the Authority or the County; (vi) the fees and disbursements of any other engineers, accountants, and other experts, consultants or advisers retained by the Authority or the County; (vii) the fees, if any, for bond ratings; (viii) the fees and disbursements of the Verification Agent in connection with the certificate to be delivered pursuant to this Purchase Agreement and (ix) the fees and disbursements of independent certified public accountants and any other independent auditor of the Authority or the County.

(b) The Underwriters shall pay only: (i) the cost of preparing the Blue Sky Memorandum; (ii) all advertising expenses and Blue Sky filing fees in connection with the public offering of the 2012 Refunding Certificates; (iii) the fees and disbursements of Hawkins Delafield & Wood LLP, as counsel to the Underwriters; (iv) all California Debt and Investment Advisory Commission fees, and (v) all other expenses incurred by the Underwriters in connection with the public offering of the 2012 Refunding Certificates, including the fees and disbursements of any other counsel retained by them.

11. Representations of Representative. The Representative represents and warrants to and agrees with the County that it is authorized to take any action under this Purchase Agreement required to be taken by and on behalf of the Underwriters and that this Purchase Agreement is a binding contract of the Underwriters enforceable in accordance with its terms.

12. Notices. Any notice or other communication (other than the acceptance hereof as specified in the first paragraph hereof) to be given under this Purchase Agreement may be given by delivering the same in writing

to the County to:

County of Los Angeles
Treasurer and Tax Collector
Kenneth Hahn Hall of Administration
500 West Temple Street, Room 432
Los Angeles, California 90012
Attention: Public Finance

and to the Underwriters:

Wells Fargo Bank, N.A.
707 Wilshire Boulevard, 17th Floor
Los Angeles, California 90017
Attention: David Johnson

13. Parties in Interest; Survivability of Representations, Warranties and Agreements. This Purchase Agreement is made solely for the benefit of the County and the Underwriters and no other person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations, warranties and agreements contained in this Purchase Agreement shall remain operative and in full force and effect, regardless of: (i) any investigations made by or on behalf of the Underwriters; (ii) execution and delivery of and payment for the 2012 Refunding Certificates pursuant to this Purchase Agreement; and (iii) any termination of this Purchase Agreement.

14. Governing Law. The laws of the State shall govern the validity, interpretation and performance of this Purchase Agreement.

15. Entire Agreement. This Purchase Agreement, when accepted by the County in writing as heretofore specified, shall constitute the entire agreement between the County and the Underwriters.

16. Headings. The headings of the paragraphs of this Purchase Agreement are inserted for convenience of reference only and shall not be deemed to be a part hereof.

17. Effectiveness. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by an Authorized County Representative and shall be valid and enforceable at the time of such acceptance.

18. Counterparts. This Purchase Agreement may be executed in several counterparts, which together shall constitute one and the same instrument.

Very truly yours,

Wells Fargo Bank, N.A.
as Representative, on behalf of itself and
the other underwriters set forth on Exhibit A hereto

By: ______________________________
Name:
Authorized Officer

ACCEPTED:

This ____ day of ________, 2012

COUNTY OF LOS ANGELES, CALIFORNIA

By: ______________________________
Mark J. Saladino
Treasurer and Tax Collector

Approved as to Form:

JOHN F. KRATTLI
Acting County Counsel

____
Principal Deputy County Counsel

EXHIBIT A

UNDERWRITERS

Wells Fargo Bank, N.A.
E. J. De La Rosa & Co., Inc.

EXHIBIT B

MATURITY SCHEDULE

$[Principal Amount]
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

Due	Principal Amount	Interest Rate	Yield
September 1, 2020	$	%	%
March 1, 2021			
September 1, 2021			
March 1, 2022			
September 1, 2022			
March 1, 2023			

DISNEY CONCERT HALL PARKING GARAGE
ESCROW AGREEMENT

by and between the

COUNTY OF LOS ANGELES

and

U.S. BANK NATIONAL ASSOCIATION

Dated as of ________ 1, 2012

County of Los Angeles
Certificates of Participation
(1998 Disney Parking Refunding Project)

ESCROW AGREEMENT

THIS DISNEY CONCERT HALL PARKING ESCROW AGREEMENT (this "Escrow Agreement"), executed and entered into as of ________ 1, 2012, is by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California (the "County"), and U.S. BANK NATIONAL ASSOCIATION, as escrow agent (the "Escrow Agent") and as the Trustee (as defined herein).

RECITALS

WHEREAS, there are currently outstanding County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "Prior Certificates"), evidencing principal in the aggregate amount of $57,975,000; and

WHEREAS, the Prior Certificates were executed and delivered under the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), by and between the County and State Street Bank and Trust Company of California, N.A., predecessor to U.S. Bank National Association, as trustee (the "Trustee"), as amended and supplemented by the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement" and together with the Original Trust Agreement, the "First Supplemented Trust Agreement"), by and between the County and the Trustee; and

WHEREAS, the Prior Certificates evidence undivided proportionate interests in base rental payments to be made by the County under the Garage Sublease, dated as of December 23, 1992 by and between the Parking Authority of the County of Los Angeles (the "Authority") and the County, as amended and supplemented by Amendment No. 1 to Garage Sublease, dated as of December 1, 1998, by and between the Authority and the County (collectively, the "Sublease"), pursuant to which the Authority subleased certain real property and leased certain facilities to the County; and

WHEREAS, the County has determined that savings will be realized by providing the funds necessary to pay, when due, the principal and interest evidenced by the Prior Certificates to and including __________, 2012 and to prepay the Prior Certificates on __________, 2012 (the "Prepayment Date") at a prepayment price (the "Prepayment Price") equal to 100% of the principal evidenced by the Prior Certificates plus the accrued but unpaid interest component of the Prior Certificates to the Prepayment Date; and

WHEREAS, in order to provide the funds necessary to exercise said option, the County has caused to be executed and delivered $_________ aggregate principal amount of County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "Certificates") pursuant to the First Supplemented Trust Agreement, as amended and supplemented by the Supplemental Trust Agreement No. 2, dated as of ________ 1, 2012 (the "Second Supplemental Trust Agreement" and together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "Trust Agreement"); and

WHEREAS, the Escrow Agent is the trustee under the Trust Agreement; and

WHEREAS, the Prior Certificates are subject to prepayment on the Prepayment Date and the County has determined to provide for the call for prepayment on the Prepayment Date of the Prior Certificates outstanding on the Prepayment Date;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained, the County and the Escrow Agent agree as follows:

Section 1. <u>Definitions</u>. Unless otherwise defined herein, capitalized terms used herein shall have the meanings ascribed to such terms in the Trust Agreement or, if no meanings are ascribed thereto in the Trust Agreement, such terms shall have the meanings ascribed thereto in the Sublease.

Section 2. <u>The Escrow Fund</u>. (a) There is hereby established a fund (the "Escrow Fund") to be held as an irrevocably pledged escrow by the Escrow Agent, which the Escrow Agent shall keep separate and apart from all other funds of the County and the Escrow Agent and to be applied solely as provided in this Escrow Agreement.

Pending application as provided in this Escrow Agreement, amounts on deposit in the Escrow Fund are hereby pledged and assigned solely to the payment of (i) the principal and interest evidenced by the Prior Certificates coming due on and prior to the Prepayment Date, and (ii) the Prepayment Price on the Prepayment Date, which amounts shall be held in trust by the Escrow Agent for the Owners of the Prior Certificates.

(b) Upon the execution and delivery of the Certificates, there shall be deposited in the Escrow Fund $__________ received from the proceeds of the sale of the Certificates as provided in Section 2.06 of the Second Supplemental Trust Agreement.

(c) Upon the deposit of moneys pursuant to Section 2(b), the moneys on deposit in the Escrow Fund will be at least equal to an amount sufficient to purchase the aggregate principal amount of Government Obligations set forth in Exhibit A hereto (the "Exhibit A Securities"), which principal, together with all interest due or to become due on such Exhibit A Securities, and any uninvested cash held by the Escrow Agent in the Escrow Fund, will be sufficient to make the payments required by Section 4 hereof.

Section 3. <u>Use and Investment of Moneys</u>. (a) The Escrow Agent hereby acknowledges deposit of the moneys described in Section 2(b) and agrees to invest $__________ of such moneys in the Exhibit A Securities upon receipt of certification by a nationally recognized firm of independent certified public accountants that the Exhibit A Securities will mature in such principal amounts and earn interest in such amounts and, in each case, at such times, so that sufficient moneys will be available from maturing principal and interest on the Exhibit A Securities, together with any uninvested moneys then held by the Escrow Agent in the Escrow Fund, to make all payments required by Section 4 hereof. Except as provided in Section 3(b) or Section 3(c), the balance of the moneys described in Section 2 shall be held uninvested in the Escrow Fund.

(b) Upon the written request of a County Representative, but subject to the conditions and limitations herein set forth, the Escrow Agent shall purchase substitute Government Obligations for the Government Obligations then held in an Escrow Fund with the proceeds derived from the sale, transfer, redemption or other disposition of Government Obligations then on deposit in such Escrow Fund and any uninvested money then held by the Escrow Agent hereunder in accordance with the provisions of this Section. Such sale, transfer, redemption or other disposition of Government Obligations then on deposit in such Escrow Fund and substitution of other Government Obligations shall be effected by the Escrow Agent upon the written request of a County Representative but only by a simultaneous transaction and only upon receipt of (i) certification by a nationally recognized firm of independent certified public accountants that the Government Obligations to be substituted, together with the Government Obligations which will continue to be held in such Escrow Fund, will mature in such principal amounts and earn interest in such amounts and, in each case, at such times so that sufficient moneys will be available from maturing principal and interest on such Government Obligations held in such Escrow Fund, together with any uninvested moneys, to make all payments required by Section 4 hereof, which have not previously been made, and (ii) receipt by the Escrow Agent of an opinion of counsel of recognized standing in the field of law relating to municipal bonds to the effect that the sale, transfer, redemption or other disposition and substitution of Government Obligations will not adversely affect the exclusion of interest evidenced by any Prior Certificates or by any Certificates from gross income for purposes of federal income taxation.

(c) Upon the written request of a County Representative, but subject to the conditions and limitations herein set forth, the Escrow Agent will apply any moneys received from the maturing principal of or interest or other investment income on any Government Obligations held in an Escrow Fund, or the proceeds from any sale, transfer, redemption or other disposition of Government Obligations pursuant to Section 3(b) not required for the purposes of said Section (i) to the extent such moneys will not be required at any time for the purpose of making a payment required by Section 4 hereof, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, such moneys shall be transferred to the Trustee for deposit in the Interest Account of the Certificate Fund established under the Trust Agreement upon the written request of a County Representative as received by the Escrow Agent, free and clear of any trust, lien, pledge or assignment securing the Prior Certificates or otherwise existing hereunder, and (ii) to the extent such moneys will be required for such purpose at a later date, shall, to the extent practicable, be invested or reinvested in Government Obligations maturing at times and in amounts sufficient, as certified by a nationally recognized firm of independent certified public accountants delivered to the Escrow Agent, to make such payment required by Section 4 hereof.

(d) All Government Obligations purchased pursuant to this Escrow Agreement shall be deposited in and held for the credit of the Escrow Fund. Except as provided in this Section 3, no moneys or Government Obligations deposited with the Escrow Agent pursuant to this Escrow Agreement nor principal of, or interest payments or other investment income on, any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the Prior Certificates as provided by Section 4 hereof.

(e) The Owners of the Prior Certificates shall have a first and exclusive lien on the moneys and Government Obligations in the Escrow Fund until such moneys and Government Obligations are used and applied as provided in this Escrow Agreement.

(f) The Escrow Agent shall not be held liable for investment losses resulting from compliance with the provisions of this Escrow Agreement.

Section 4. <u>Payment of Prior Certificates</u>. From the maturing principal of the Government Obligations held in the Escrow Fund and the investment income and other earnings thereon and any uninvested money then held in the Escrow Fund, the Escrow Agent shall apply such amounts, as follows:

(a) [On each Interest Payment Date for the Prior Certificates to and including the Prepayment Date, the Escrow Agent shall pay interest evidenced by the Prior Certificates in accordance with the terms of the Trust Agreement.]

(b) [On each Principal Payment Date for the Prior Certificates to and including the Prepayment Date, the Escrow Agent shall pay the principal evidenced by the Prior Certificates in accordance with the terms of the Trust Agreement.]

(c) On the Prepayment Date, the Escrow Agent shall pay the Prepayment Price in accordance with the terms of the Trust Agreement.

To the extent that the amount on deposit in the Escrow Fund on the Prepayment Date is in excess of the amount necessary to make the required payments with respect to the Prior Certificates, as shown in the then applicable escrow verification of the nationally recognized firm of independent certified public accountants, such excess shall be transferred to the Trustee for deposit in the Interest Account of the Certificate Fund established under the Trust Agreement.

Section 5. <u>Irrevocable Instructions to Mail Notices</u>. The County hereby irrevocably designates the Prior Certificates for prior prepayment on the Prepayment Date as indicated in Section 4 hereof and hereby irrevocably instructs the Escrow Agent to give, in accordance with Section 4.03 of the First Supplemental Trust Agreement, notice of prepayment of the Prior Certificates.

Section 6. <u>Performance of Duties</u>. The Escrow Agent agrees to perform the duties set forth herein and agrees that the irrevocable instructions to the Escrow Agent herein provided are in a form satisfactory to it.

Section 7. <u>Escrow Agent's Authority to Make Investments</u>. The Escrow Agent shall have no power or duty to invest any funds held under this Escrow Agreement except as provided in Section 3 hereof. The Escrow Agent shall have no power or duty to transfer or otherwise dispose of the moneys held hereunder except as provided in this Escrow Agreement.

Section 8. <u>Indemnity</u>. To the extent permitted by law, the County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents, employees and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees, expenses and disbursements) of whatsoever kind and nature which may be imposed on, incurred by, or asserted against, the Escrow Agent at any time (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument, but without double indemnity) in any way relating to or arising out of the execution, delivery and performance of this Escrow Agreement, the establishment hereunder of the Escrow Fund, the acceptance of the funds and securities deposited therein, the purchase of any securities to be purchased pursuant thereto, the retention of such securities or the proceeds thereof and any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement; provided, however, that the County shall not be required to indemnify the Escrow Agent against the Escrow Agent's own negligence or willful misconduct or the negligence or willful misconduct of the Escrow Agent's respective successors, assigns, agents and employees or the material breach by the Escrow Agent of the terms of this Escrow Agreement. In no event shall the County or the Escrow Agent be liable to any person by reason of the transactions contemplated hereby other than to each other as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Escrow Agreement.

Section 9. Responsibilities of Escrow Agent. The Escrow Agent and its respective successors, assigns, agents and servants shall not be held to any personal liability whatsoever, in tort, contract, or otherwise, in connection with the execution and delivery of this Escrow Agreement, the establishment of the Escrow Funds, the acceptance of the moneys or any securities deposited therein, the purchase of the securities to be purchased pursuant hereto, the retention of such securities or the proceeds thereof, the sufficiency of the securities or any uninvested moneys held hereunder to accomplish the prepayment of the Prior Certificates, or any payment, transfer or other application of moneys or securities by the Escrow Agent in accordance with the provisions of this Escrow Agreement or by reason of any non-negligent act, non-negligent omission or non-negligent error of the Escrow Agent made in good faith in the conduct of its duties. The recitals of fact contained in the "Whereas" clauses herein shall be taken as the statements of the County, and the Escrow Agent assumes no responsibility for the correctness thereof. The Escrow Agent makes no representation as to the sufficiency of the securities to be purchased pursuant hereto and any uninvested moneys to accomplish the prepayment of the Prior Certificates pursuant to the Trust Agreement or to the validity of this Escrow Agreement as to the County and, except as otherwise provided herein, the Escrow Agent shall incur no liability in respect thereof. The Escrow Agent shall not be liable in connection with the performance of its duties under this Escrow Agreement except for its own negligence, willful misconduct or default, and the duties and obligations of the Escrow Agent shall be determined by the express provisions of this Escrow Agreement. The Escrow Agent may consult with counsel, who may or may not be counsel to the County, and in reliance upon the written opinion of such counsel shall have full and complete authorization and protection in respect of any action taken, suffered or omitted by it in good faith in accordance therewith. Whenever the Escrow Agent shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering, or omitting any action under this Escrow Agreement, such matter (except the matters set forth herein as specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds) may be deemed to be conclusively established by a written certification of the County. Whenever the Escrow Agent shall deem it necessary or desirable that a matter specifically requiring a certificate of a nationally recognized firm of independent certified public accountants or an opinion of counsel of recognized standing in the field of law relating to municipal bonds be proved or established prior to taking, suffering, or omitting any such action, such matter may be established only by a certificate signed by a nationally recognized firm of certified public accountants or such opinion of counsel of recognized standing in the field of law relating to municipal bonds.

Section 10. Amendments. The County and the Escrow Agent may (but only with the consent of the Owners of all of the Prior Certificates and the Certificate Insurer) amend this Escrow Agreement or enter into agreements supplemental to this Escrow Agreement.

Section 11. Term. This Escrow Agreement shall commence upon its execution and delivery and shall terminate on the date upon which the Prior Certificates have been paid in accordance with this Escrow Agreement.

Section 12. Compensation. The County shall from time to time pay or cause to be paid to the Escrow Agent the agreed upon compensation for its services to be rendered hereunder, and reimburse the Escrow Agent for all of its reasonable advances in the exercise and performance of its duties hereunder; provided, however, that under no circumstances shall the Escrow Agent be entitled to any lien whatsoever on any moneys or obligations in the Escrow Fund for the payment of fees and expenses for services rendered or expenses incurred by the Escrow Agent under this Escrow Agreement or otherwise.

Section 13. Severability. If any one or more of the covenants or agreements provided in this Escrow Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenants or agreements shall be null and void and shall be deemed separate from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Escrow Agreement.

Section 14. Counterparts. This Escrow Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as an original but all of which shall constitute and be but one and the same instrument.

Section 15. Governing Law. This Escrow Agreement shall be construed under the laws of the State of California.

U.S. BANK NATIONAL ASSOCIATION, as Escrow Agent and Trustee

By: ________________________________
Authorized Officer

COUNTY OF LOS ANGELES

By: ________________________________

EXHIBIT A

UNITED STATES TREASURY SECURITIES

Type	Maturity Date	Par Amount	Interest Rate	Price	Cost

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this "Disclosure Certificate") is executed and delivered by the County of Los Angeles (the "County") as of March 1, 2012 in connection with the execution and delivery of the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates"). The 2012 Refunding Certificates are being executed and delivered pursuant to the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), as amended and supplemented by the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement") and the Supplemental Trust Agreement No. 2, dated as of March 1, 2012 (the "Second Supplemental Trust Agreement" and, together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "Trust Agreement"), each by and between the County of Los Angeles, California (the "County") and U.S. Bank National Association, as successor trustee thereunder (the "Trustee").

The County hereby covenants and agrees as follows:

Section 1. Purpose of Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the County for the benefit of the Owners and Beneficial Owners of the 2012 Refunding Certificates and in order to assist the Participating Underwriters in complying with the Rule (herein defined).

Section 2. Definitions. In addition to the definitions set forth in the Trust Agreement, which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms have the following meanings:

"Annual Report" means any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Beneficial Owner" means any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any 2012 Refunding Certificates (including persons holding 2012 Refunding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any 2012 Refunding Certificates for federal income tax purposes.

"Commission" means the Securities and Exchange Commission.

"Dissemination Agent" means any person appointed in writing by the County to act as the County's agent in complying with the filing requirements of the Rule.

"EMMA System" shall mean the MSRB's Electronic Municipal Market Access system.

"Listed Event" means any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" means the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Certificate.

"Participating Underwriter" means any of the original purchasers of the 2012 Refunding Certificates required to comply with the Rule in connection with the offer and sale of the 2012 Refunding Certificates.

"Rule" means Rule 15c2-12 adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time, including any official interpretations thereof issued either before or after the effective date of this Disclosure Certificate which are applicable hereto.

Section 3. Provision of Annual Reports.

(a) The County shall, or shall cause the Dissemination Agent to, not later than February 1 in each year, commencing with the report for the County's fiscal year ended June 30, 2011, provide to the MSRB copies of an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the County may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under subsection 5(b).

(b) Not later than 15 Business Days prior to the date specified in subsection (a) above for providing an Annual Report to the MSRB, the County shall provide such Annual Report to the Dissemination Agent (if one has been appointed). If the County is unable to provide to the MSRB an Annual Report by the date specified in subsection (a) above, the County shall send a notice of this event to the MSRB.

(c) The Dissemination Agent (if one has been appointed) shall, if the Annual Report has been furnished to the Dissemination Agent, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, and stating the date it was provided.

Section 4. Content of Annual Reports. The County's Annual Report shall contain or include by reference the following:

(a) The audited financial statements of the County for the fiscal year most recently ended, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and reporting standards as set forth by the State Controller in "State of California Accounting Standards and Procedures for Counties." If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to subsection 3(a) of this Disclosure Certificate, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement, dated _________, 2012, relating to the 2012 Refunding Certificates, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(b) To the extent not included in the financial statements, the following types of information will be provided in one or more reports:

(i) assessed valuations, tax levies and delinquencies for real property located in the County for the fiscal year of the County most recently ended;

(ii) summary financial information on revenues, expenditures and fund balances for the fiscal year of the County most recently ended;

(iii) summary financial information on the proposed and adopted budgets of the County for the current fiscal year and any changes in the adopted budget;

(iv) summary of aggregate annual debt obligations of the County as of the beginning of the current fiscal year;

(v) summary of annual outstanding principal obligations of the County as of the beginning of the current fiscal year; and

(vi) the ratio of the County's outstanding debt to total assessed valuations as of the most recently ended fiscal year of the County.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to the MSRB through its EMMA System.

The contents, presentation and format of the Annual Reports may be modified from time to time as determined in the judgment of the County to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the County or to reflect changes in the business, structure, operations, legal form of the County or any mergers, consolidations, acquisitions or dispositions made by or affecting the County; provided that any such modifications shall comply with the requirements of the Rule.

Section 5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2012 Refunding Certificates:

(i) principal and interest payment delinquencies;

(ii) non-payment related defaults, if material;

(iii) unscheduled draws on debt service reserves reflecting financial difficulties of the County;

(iv) unscheduled draws on any credit enhancements reflecting financial difficulties of the County;

(v) substitution of any credit or liquidity providers, or their failure to perform;

(vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the 2012 Refunding Certificates, or other material events affecting the tax status of the 2012 Refunding Certificates;

(vii) modifications to the rights of Owners of the 2012 Refunding Certificates, if material;

(viii) bond calls other than scheduled sinking fund redemptions, if material, and tender offers;

(ix) defeasances;

(x) release, substitution, or sale of property, if any, securing repayment of the 2012 Refunding Certificates, if material;

(xi) rating changes;

(xii) bankruptcy, insolvency, receivership or similar event of the County; provided that for the purposes of the event identified in this clause (xii), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the County in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the County, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the County;

(xiii) the consummation of a merger, consolidation, or acquisition involving the County or the sale of all or substantially all of the assets of the County, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

Certain of the foregoing events may not be applicable to the 2012 Refunding Certificates.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall file a notice of such occurrence not later than ten (10) business days after such occurrence with the MSRB through its EMMA System.

Section 6. Termination of Reporting Obligation. The County's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior prepayment or payment in full of all of the 2012 Refunding Certificates. If such termination occurs prior to the final maturity of the 2012 Refunding Certificates, the County shall give notice of such termination in the same manner as for a Listed Event under subsection 5(b).

Section 7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent may resign by providing sixty days written notice to the County. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the County pursuant to this Disclosure Certificate. The initial Dissemination Agent is the County.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the County may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of subsection 3(a), Section 4, or subsection 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2012 Refunding Certificates, or the type of business conducted;

(b) The undertakings, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original execution and delivery of the 2012 Refunding Certificates, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Owners of the 2012 Refunding Certificates in the same manner as provided in the Trust Agreement for amendments to the Trust Agreement with the consent of Owners of the 2012 Refunding Certificates, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Owners or Beneficial Owners of the 2012 Refunding Certificates.

In the event of any amendment or waiver of a provision of this Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under subsection 5(b), and (ii) the Annual Report for the year in which the change is made shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the County from disseminating any other information, including the information then contained in Appendix A to the County's official statements relating to debt issuances, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the County chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the County shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the County to comply with any provision of this Disclosure Certificate, any Owner or Beneficial Owner of the 2012 Refunding Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the County to comply with its obligations under this Disclosure Certificate; provided that any such action may be instituted only in the Superior Court of the State of California in and for the County of Los Angeles or in a U.S. District Court in or nearest to Los Angeles County. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Trust Agreement with respect to the 2012 Refunding Certificates, and the sole remedy under this Disclosure Certificate in the event of any failure of the County to comply with this Disclosure Certificate shall be an action to compel performance, and no person or entity shall be entitled to recover monetary damages under this Disclosure Certificate.

Section 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the County agrees, to the extent permitted by law, to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including reasonable attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the County under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2012 Refunding Certificates.

Section 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriters, the Owners and Beneficial Owners from time to time of the 2012 Refunding Certificates, and shall create no rights in any other person or entity.

Section 13. Governing Law. This Disclosure Certificate shall be governed by the laws of the State of California and the federal securities laws.

Section 14. Transmission of Notices, Documents and Information. All notices, documents and information provided to the MSRB shall be provided in an electronic format as prescribed by the MSRB and shall be accompanied by identifying information as prescribed by the MSRB.

Section 15. Effective Date. This Disclosure Certificate shall be effective upon the issuance of the 2012 Refunding Certificates.

IN WITNESS WHEREOF, the County of Los Angeles has executed this Continuing Disclosure Certificate as of the date first set forth above.

COUNTY OF LOS ANGELES

By:____________________________________

Mark J. Saladino,
Treasurer and Tax Collector

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 22, 2012

NEW ISSUES – BOOK-ENTRY ONLY **RATINGS: See "RATINGS" herein.**

[Revised language to come.] In the opinion of Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest evidenced by the 2012 Refunding Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, interest evidenced by the 2012 Refunding Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. Special Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest evidenced by, the 2012 Refunding Certificates. See "TAX MATTERS" herein.

$[Principal Amount]*
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

Dated: Date of Delivery **Due: As shown on the inside cover page**

The County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates") are being executed and delivered pursuant to the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), as amended and supplemented by the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement") and the Supplemental Trust Agreement No. 2, dated as of March 1, 2012 (the "Second Supplemental Trust Agreement" and, together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "Trust Agreement"), each by and between the County of Los Angeles, California (the "County") and U.S. Bank National Association, as successor trustee thereunder (the "Trustee"). Principal and interest payments represented by the 2012 Refunding Certificates and the outstanding certificates of participation executed and delivered under the Trust Agreement are payable from base rental payments ("Base Rental") to be made by the County under the Garage Sublease, dated as of December 23, 1992 (the "Original Sublease"), by and between the County and the Parking Authority of the County of Los Angeles (the "Authority"), as amended by the Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the "First Amendment to Sublease") and the Amendment No. 2 to Garage Sublease, dated as of March 1, 2012 (the "Second Amendment to Sublease" and, together with the Original Sublease and the First Amendment to Sublease, the "Sublease"), each such amendment by and among the County, the Authority and the Trustee, in consideration for the use of certain real property (the "Leased Premises"). The County is required under the Sublease to pay Base Rental from any source of legally available funds. The County has covenanted under the Sublease to make all Base Rental and Additional Rental (herein defined) provided for therein, to take such action as may be necessary to include all Rental Payments and Additional Rental due under the Sublease in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental. The County's obligation to make Base Rental is subject to abatement during any period in which, by reason of material damage, destruction, theft or condemnation of the Leased Premises or any portion thereof, or any defect in title to the Leased Premises, there is substantial interference with the use and right of possession by the County of the Leased Premises or any portion thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES" herein.

The proceeds of the 2012 Refunding Certificates will be used to (i) refund all of the County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) and (ii) pay certain costs of issuance incurred in connection with the 2012 Refunding Certificates. See "PLAN OF REFINANCING" and "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2012 REFUNDING CERTIFICATES" herein.

Ownership interests in the 2012 Refunding Certificates may be purchased in denominations of $5,000 and any integral multiple thereof. The 2012 Refunding Certificates will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2012. The 2012 Refunding Certificates will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2012 Refunding Certificates. Ownership interests in the 2012 Refunding Certificates may be purchased in book-entry form only. Principal and interest with respect to the 2012 Refunding Certificates will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein) for subsequent disbursement to the beneficial owners of the 2012 Refunding Certificates. See APPENDIX D – "Book-Entry Only System" attached hereto.

The 2012 Refunding Certificates are subject to prepayment prior to maturity, as described herein. See "THE 2012 REFUNDING CERTIFICATES – Prepayment of the 2012 Refunding Certificates" herein.

THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE SUBLEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL OR ADDITIONAL RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OF CALIFORNIA OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR RESTRICTION. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES" herein.

This cover page contains information for quick reference only. It is not a summary of this issue. Potential purchasers must read the entire Official Statement to obtain information essential to making an informed investment decision.

The 2012 Refunding Certificates are offered when, as and if issued, subject to the approval of legality by Orrick, Herrington & Sutcliffe LLP, Los Angeles, California, Special Counsel to the County. Certain legal matters will be passed upon for the Authority and the County by County Counsel and for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California. It is anticipated that the 2012 Refunding Certificates will be available for delivery through the facilities of DTC in New York, New York on or about [March 6, 2012].

Wells Fargo Securities **De La Rosa & Co.**

Dated: __________, 2012

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* Preliminary, subject to change.

MATURITY SCHEDULE

$[Principal Amount]*
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

(Base CUSIP†: 544663)

Due	Principal Amount	Interest Rate	Yield	CUSIP†
September 1, 2020	$	%	%	
March 1, 2021				
September 1, 2021				
March 1, 2022				
September 1, 2022				
March 1, 2023				

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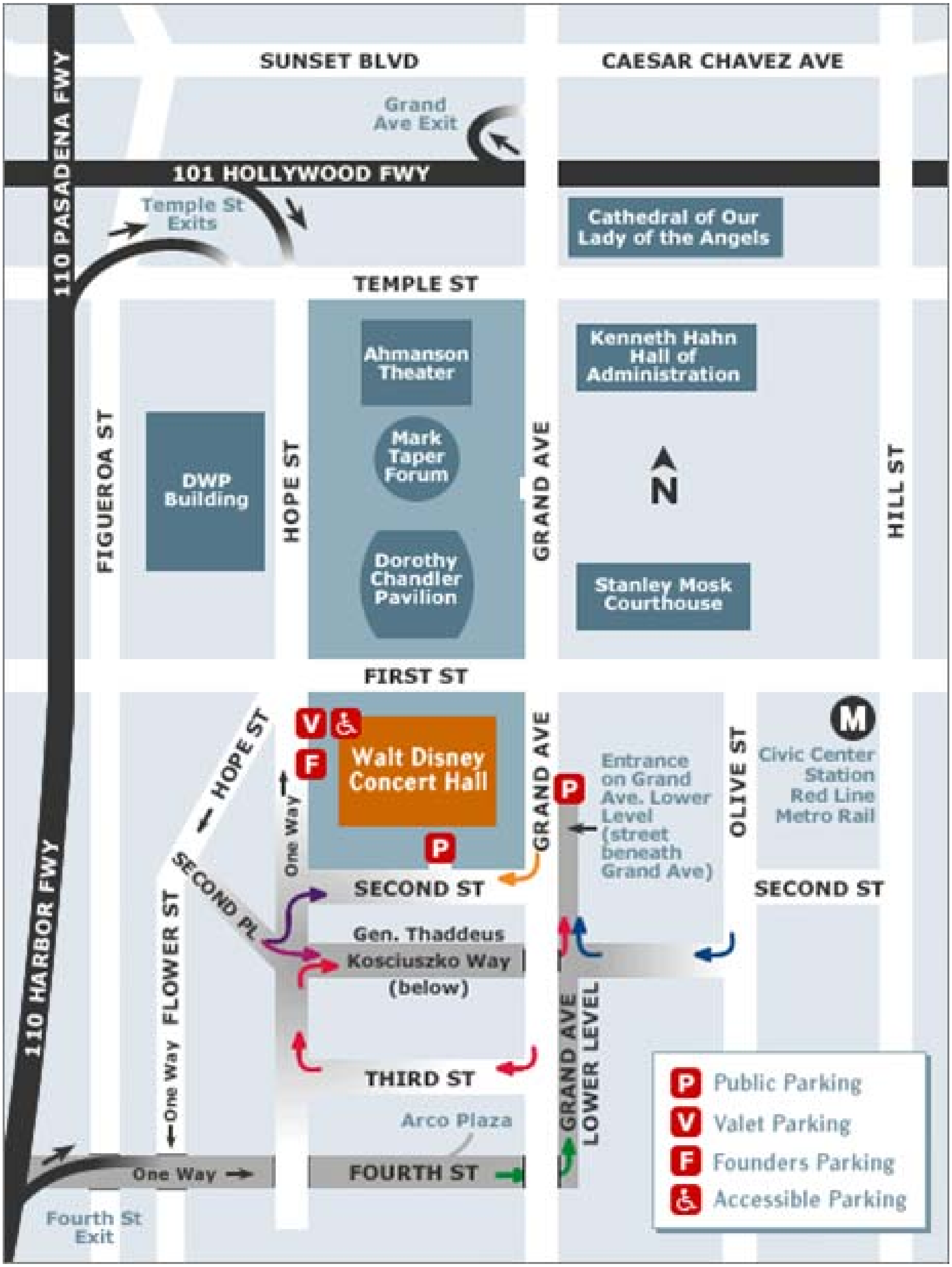
* Preliminary, subject to change.

† Copyright, American Bankers Association. CUSIP data is provided by Standard & Poor's CUSIP Service Bureau, a Division of the McGraw-Hill Companies, Inc., and is set forth herein for convenience of reference only. The Authority, the County and the Underwriters do not assume responsibility for the accuracy of such data.



SUNSET BLVD
CAESAR CHAVEZ AVE
Grand Ave Exit
101 HOLLYWOOD FWY
110 PASADENA FWY
Temple St Exits
Cathedral of Our Lady of the Angels
TEMPLE ST
Ahmanson Theater
Kenneth Hahn Hall of Administration
Mark Taper Forum
FIGUEROA ST
DWP Building
HOPE ST
GRAND AVE
N
HILL ST
Dorothy Chandler Pavilion
Stanley Mosk Courthouse
FIRST ST
M
V
F
Walt Disney Concert Hall
HOPE ST
One Way
P
Entrance on Grand Ave. Lower Level (street beneath Grand Ave)
OLIVE ST
Civic Center Station Red Line Metro Rail
SECOND PL
SECOND ST
SECOND ST
Gen. Thaddeus Kosciuszko Way (below)
110 HARBOR FWY
FLOWER ST
One Way
THIRD ST
GRAND AVE LOWER LEVEL
Arco Plaza
One Way
FOURTH ST
Fourth St Exit
P Public Parking
V Valet Parking
F Founders Parking
Accessible Parking

COUNTY OF LOS ANGELES
CALIFORNIA

COUNTY OF LOS ANGELES

Certificates of Participation
(Disney Concert Hall Parking Garage)

Board of Supervisors

Zev Yaroslavsky
Third District, Chairman

Gloria Molina
First District

Mark Ridley-Thomas
Second District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

Sachi A. Hamai
Executive Officer-Clerk
Board of Supervisors

County Officials

William T Fujioka
Chief Executive Officer

John F. Krattli
Acting County Counsel

Wendy L. Watanabe
Auditor-Controller

Mark J. Saladino
Treasurer and Tax Collector

Public Resources Advisory Group
Financial Advisor

U.S. Bank National Association
Trustee and Escrow Agent

No dealer, broker, salesperson or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement. If given or made, such other information or representations must not be relied upon as having been authorized by the County. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the 2012 Refunding Certificates by any person in any jurisdiction in which it is unlawful for such person to make such an offer, solicitation or sale.

This Official Statement is not to be construed as a contract with the purchasers of the 2012 Refunding Certificates. Statements contained in this Official Statement which involve estimates, projections, forecasts or matters of opinion, whether or not expressly so described herein, are intended solely as such and are not to be construed as representations of facts.

The information set forth in this Official Statement has been obtained from the County, and other sources that are believed by the County to be reliable. The information and expressions of opinion herein are subject to change without notice and neither delivery of this Official Statement nor any sale of the 2012 Refunding Certificates made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereof. All summaries of the documents and laws are made subject to the provisions thereof and do not purport to be complete statements of any or all such provisions. Preparation of this Official Statement and its distribution have been duly authorized and approved by the County.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE 2012 REFUNDING CERTIFICATES, THE UNDERWRITERS MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE 2012 REFUNDING CERTIFICATES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME. THE UNDERWRITERS MAY OFFER AND SELL THE 2012 REFUNDING CERTIFICATES TO CERTAIN DEALERS, INSTITUTIONAL INVESTORS AND OTHERS AT PRICES LOWER THAN THE PUBLIC OFFERING PRICES STATED ON THE INSIDE COVER PAGE HEREOF AND SUCH PUBLIC OFFERING PRICES MAY BE CHANGED FROM TIME TO TIME BY THE UNDERWRITERS.

TABLE OF CONTENTS

Page

TABLE OF CONTENTS
(continued)

$[Principal Amount][*]
County of Los Angeles
2012 Refunding Certificates of Participation
(Disney Concert Hall Parking Garage)

INTRODUCTION

This introduction contains only a brief summary of certain of the terms of the 2012 Refunding Certificates being offered, and a brief description of the Official Statement. All statements contained in this introduction are qualified in their entirety by reference to the entire Official Statement. References to, and summaries of, provisions of the Constitution and laws of the State of California (the "State") and any documents referred to herein do not purport to be complete and such references are qualified in their entirety by reference to the complete provisions. All capitalized terms used in this Official Statement and not otherwise defined herein have the respective meanings assigned to them in the Trust Agreement or the Sublease. See APPENDIX *C – "Summary of Principal Legal Documents" attached hereto.*

General

This Official Statement, including the cover page, the inside cover page and the appendices attached hereto (the "Official Statement"), provides certain information concerning the execution, delivery and sale of the County of Los Angeles 2012 Refunding Certificates of Participation (Disney Concert Hall Parking Garage) (the "2012 Refunding Certificates"). The 2012 Refunding Certificates are being executed and delivered pursuant to the Trust Agreement, dated as of January 1, 1993 (the "Original Trust Agreement"), as amended and supplemented by the Supplemental Trust Agreement No. 1, dated as of December 1, 1998 (the "First Supplemental Trust Agreement") and the Supplemental Trust Agreement No. 2, dated as of March 1, 2012 (the "Second Supplemental Trust Agreement" and, together with the Original Trust Agreement and the First Supplemental Trust Agreement, the "Trust Agreement"), each by and between the County of Los Angeles, California (the "County") and U.S. Bank National Association, as successor trustee thereunder (the "Trustee").

The proceeds of the 2012 Refunding Certificates will be used to (i) refund all of the County of Los Angeles Certificates of Participation (1998 Disney Parking Refunding Project) (the "1998 Refunding Certificates") and (ii) pay certain costs of issuance incurred in connection with the 2012 Refunding Certificates. See "PLAN OF REFINANCING" and "ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2012 REFUNDING CERTIFICATES" herein.

Terms of the 2012 Refunding Certificates

Ownership interests in the 2012 Refunding Certificates may be purchased in denominations of $5,000 and any integral multiple thereof. The 2012 Refunding Certificates will be dated their date of delivery and are payable with respect to interest semiannually each March 1 and September 1, commencing on September 1, 2012.

The 2012 Refunding Certificates will be delivered in fully-registered form only, and when delivered, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the 2012 Refunding Certificates. Ownership interests in the 2012 Refunding Certificates may be purchased in book-entry form only. Principal and interest with respect to the 2012 Refunding Certificates will be paid by the Trustee to DTC or its nominee, which will in turn remit such payments to its Participants (defined herein)

[*] Preliminary, subject to change.

for subsequent disbursement to the beneficial owners (the “Beneficial Owners”) of the 2012 Refunding Certificates . See APPENDIX D – “Book-Entry Only System” attached hereto.

The 2012 Refunding Certificates are subject to prepayment prior to maturity, as described herein. See “THE 2012 REFUNDING CERTIFICATES – Prepayment of the 2012 Refunding Certificates” herein.

Security and Sources of Payment for the 2012 Refunding Certificates

The County has fee title in certain parcels of property located at the southwest corner of First Street and Grand Avenue in the City of Los Angeles (the “Garage Parcel”), a portion of which is subject to a public street right-of-way. Pursuant to the Garage Site Lease, dated as of December 23, 1992 (the “Site Lease”), by and between the County and the Parking Authority of the County of Los Angeles (the “Authority”), the County leased the Garage Parcel to the Authority. Pursuant to the Garage Sublease, dated as of December 23, 1992 (the “Original Sublease”), by and between the County and the Authority, the Authority agreed to design, acquire, construct, install and deliver a multi-level, subterranean parking garage (the “Garage”) and certain related facilities and street improvements (the “Street Improvements” and, together with the Garage, the “Project”) and lease the Garage and sublease the Garage Parcel (collectively, the “Leased Premises”) to the County. The Garage became operational in March 1996 and has maintained uninterrupted operation to date. See “DESCRIPTION OF THE LEASED PREMISES” herein.

Principal and interest payments represented by the 2012 Refunding Certificates and the outstanding certificates of participation executed and delivered under the Trust Agreement (together with any additional certificates of participation (the “Additional Certificates”) to be executed and delivered pursuant to the Trust Agreement, the “Certificates”) are payable from base rental payments (“Base Rental”) to be made by the County under the Original Sublease, as amended by the Amendment No. 1 to Garage Sublease, dated as of December 1, 1998 (the “First Amendment to Sublease”) and the Amendment No. 2 to Garage Sublease, dated as of March 1, 2012 (the “Second Amendment to Sublease” and, together with the Original Sublease and the First Amendment to Sublease, the “Sublease”), each by and among the County, the Authority and the Trustee, in consideration for the use of the Leased Premises. The payments of Base Rental are scheduled to be sufficient to pay principal and interest represented by the Certificates when due. The County is required under the Sublease to pay Base Rental from any source of legally available funds. The County has covenanted under the Sublease to make all Base Rental and certain additional rental payments (“Additional Rental”) provided for therein and to take such action as may be necessary to include all Base Rental and Additional Rental due under the Sublease in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental. The County has not pledged the revenues from the Garage, if any, to the payment of Base Rental. To secure the performance of its obligation to pay Base Rental, the County has agreed pursuant to the Sublease to deposit the Base Rental payable on March 1 of any year with the Trustee on or before January 15 of such year and to deposit the Base Rental payable on September 1 of any year with the Trustee on or before July 15 of such year, in each case for application by the Trustee in accordance with the terms of the Trust Agreement.

Pursuant to the Garage Assignment Agreement, dated as of January 1, 1993 (the “Original Assignment Agreement”), as confirmed by the Garage Assignment Agreement, dated as of December 1, 1998 (the “1998 Assignment Agreement”), and the Garage Assignment Agreement, dated as of March 1, 2012 (together with the Original Assignment Agreement and the 1998 Assignment Agreement, the “Assignment Agreement”), each by and between the Authority and the Trustee, the Authority has assigned all of its right, title and interest in and to the Site Lease and the Sublease (other than its rights to indemnification and its rights to payment of its expenses), including all rights to receive Base Rental under the Sublease, to the Trustee.

The County's obligation to make Base Rental is subject to abatement during any period in which, by reason of material damage, destruction, theft or condemnation of the Leased Premises or any portion thereof, or any defect in title to the Leased Premises, there is substantial interference with the use and right of possession by the County of the Leased Premises or any portion thereof.

The obligation of the County to pay Base Rental and Additional Rental under the Sublease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the County to pay Base Rental or Additional Rental constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES" herein and APPENDIX C – "Summary of Principal Legal Documents" attached hereto.

Outstanding Parity Certificates

Upon the execution and delivery of the 2012 Refunding Certificates and the refinancing described herein, there will be outstanding under the Trust Agreement the 2012 Refunding Certificates and the County of Los Angeles Certificates of Participation (1993 Disney Parking Project) (the "1993 Certificates"). The 1993 Certificates are payable on parity with the 2012 Refunding Certificates. The 1993 Certificates were executed and delivered in the original aggregate principal amount of $116,044,695.50 and a portion of the 1993 Certificates was advance refunded and defeased with the proceeds of the 1998 Refunding Certificates. As of March 1, 2012, the 1993 Certificates will be outstanding at the accreted value of $[1993 Accreted Value] and the 1998 Refunding Certificates will be outstanding at the principal amount of $[1998 Outstanding Principal]. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES" herein.

Reserve Fund

A reserve fund (the "Reserve Fund") has been established under the Trust Agreement and pledged to pay principal, accreted value and interest represented by the Certificates, including the 2012 Refunding Certificates. The Reserve Fund is funded in the amount of $11,318,526.43, being the "Reserve Requirement," which is defined, as of any date of calculation, as an amount equal to the least of (i) $11,318,526.43 (the initial deposit therein upon the execution and delivery of the 1993 Certificates), (ii) 10% of the initial aggregate amount of the Certificates, (iii) the maximum semi-annual Base Rental payable by the County under the Sublease in the then current Lease Year or any future Lease Year, and (iv) 125% of average annual Base Rental payable in each year between the date of calculation and the end of the Lease Year. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES – Reserve Fund" herein.

Additional Certificates

Under the Trust Agreement, the County may from time to time, by a supplement or amendment to the Trust Agreement, authorize one or more series of Additional Certificates, evidencing additional undivided proportionate interests in the Sublease, including the right to receive Base Rental thereunder on a parity with the Outstanding Certificates; provided, however, that the County may authorize a series of Additional Certificates under the Trust Agreement only (1) for the purpose of making repairs to or replacements of the Leased Premises following an event of damage, destruction, condemnation or theft or discovery of a title defect affecting all or a portion of the Leased Premises, or (2) for the purpose of providing funds to refund any Outstanding Certificates executed and delivered under the Trust Agreement provided that, upon delivery of such Additional Certificates, Base Rental in each Lease Year, evidenced by all Certificates to be Outstanding after the execution of such Additional Certificates, shall be less than or equal to Base Rental in such Lease Year, evidenced by all Certificates Outstanding immediately prior to the delivery of such Additional Certificates. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES – Additional Certificates" herein and APPENDIX C – "Summary Principal Legal Documents – Trust Agreement –Additional Certificates" attached hereto.

The County

The County is located in the southern coastal portion of the State and covers 4,084 square miles. The County was established under an act of the State Legislature on February 18, 1850. It is the most populous county in the nation and is more populous than 43 states. The economy of the County is diversified and includes manufacturing, technology, world trade, financial services, motion picture and television production, and tourism. For additional economic, demographic and financial information with respect to the County, see APPENDIX A – "The County of Los Angeles Information Statement" and APPENDIX B – "The County of Los Angeles Audited Financial Statements for the Fiscal Year Ended June 30, 2011" attached hereto.

The Authority

The Authority is a parking authority established by the County in 1970 pursuant to the California Streets and Highways Code. The Board of Supervisors of the County serves as the governing board of the Authority. The Authority may acquire or enter into possession of land for a parking facility, issue bonds and enter into any contract for the acquisition, construction, or operation of a parking facility.

Continuing Disclosure

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the execution and delivery of the 2012 Refunding Certificates, the County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2013, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, no later than ten (10) business days after their occurrence, notice of certain events. These covenants have been made in order to assist the Underwriters of the 2012 Refunding Certificates in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See "CONTINUING DISCLOSURE" herein and APPENDIX E – "Form of Continuing Disclosure Certificate" attached hereto. The County has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule.

Forward-Looking Statements

Certain statements included or incorporated by reference in the Official Statement constitute "forward-looking statements." Such statements are generally identifiable by the terminology used such as "plan," "expect," "estimate," "budget" or other similar words. The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Although such expectations reflected in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct. The County is not obligated to issue any updates or revisions to the forward-looking statements if or when its expectations, or events, conditions or circumstances on which such statements are based occur.

PLAN OF REFINANCING

The 2012 Refunding Certificates are being executed and delivered by the County to provide for the prepayment of all of the outstanding 1998 Refunding Certificates on ______, 2012 (the "Prepayment Date") at a prepayment price equal to 100% of the principal evidenced thereby plus the accrued but unpaid interest component thereof to the Prepayment Date (the "Prepayment Price").

Pursuant to the Disney Concert Hall Parking Escrow Agreement, dated as of March 1, 2012 (the "Escrow Agreement"), between the County and U.S. Bank National Association, as escrow agent thereunder (the "Escrow Agent"), a portion of the proceeds of the 2012 Refunding Certificates in an amount sufficient to pay the Prepayment Price for the 1998 Refunding Certificates on the Prepayment Date will be deposited in the Escrow Fund (the "Escrow Fund") to be established and held by the Escrow Agent under the Escrow Agreement.

DESCRIPTION OF THE LEASED PREMISES

The Leased Premises consist of the Garage Parcel and the Garage. The Garage Parcel consists of certain parcels of property located at the southwest corner of First Street and Grand Avenue in the City of Los Angeles, a portion of which is subject to a public street right-of-way. The County owns and holds fee simple title to the Garage Parcel, subject to the Site Lease and the Sublease. The Garage is an approximately 900,000 square foot multilevel, subterranean parking garage with approximately 2,352 [confirm] car parking spaces in service. The Garage services the Walt Disney Concert Hall, which contains 2,265 audience seats and is the home of the Los Angeles Philharmonic orchestra and the Los Angeles Master Chorale. It also serves as juror parking for several nearby court facilities and as visitor parking for several nearby entertainment venues. The Garage became operational in March 1996 and has maintained uninterrupted operation to date.

The Sublease provides that the County may sublease all or any portion of the Leased Premises and that the County shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under the Sublease, notwithstanding any subletting or granting of concessions which may be made. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES - Release and Substitution" herein. The County has subleased a portion of the Leased Premises to The California Institute of the Arts, which has built a theatre and certain other improvements on the subleased premises (the "CalArts Improvements"). Pursuant to the sublease between the County and CalArts, the CalArts Improvements vested in the County upon completion. The CalArts Improvements do not materially affect the use and operation of the Leased Premises by the County.

The County's obligation to pay Base Rental is independent of the revenue generated by the Garage, any sublease of any portion of the Garage to any third party or the concert hall attached thereto. The County has not pledged the revenues from the Garage, if any, to the payment of Base Rental.

Under the terms of the Trust Agreement, the County may release portions of, or substitute other property for, the property included in the Leased Premises. See APPENDIX C – "Summary of Financing Documents – Trust Agreement – Substitution or Release of Leased Premises."

ESTIMATED SOURCES AND USES OF PROCEEDS OF THE 2012 REFUNDING CERTIFICATES

The proceeds of the 2012 Refunding Certificates are expected to be applied approximately as set forth below:

Sources of Funds:	
Principal Amount of the 2012 Refunding Certificates	$
Net Original Issue Premium/Discount	
TOTAL SOURCES	$
Uses of Funds:	
Prepayment of the 1998 Refunding Certificates	$
Costs of Issuance(1)	
TOTAL USES	$

(1) Includes underwriters' discount, title insurance costs, rating agency fees, special counsel fees, financial advisor fees, printing costs and other miscellaneous expenses.

THE 2012 REFUNDING CERTIFICATES

The following is a summary of certain provisions of the 2012 Refunding Certificates. Reference is made to the 2012 Refunding Certificates for the complete text thereof and to the Trust Agreement for a more detailed description of such provisions. The discussion herein is qualified by such reference.

General

The Certificates, including the 2012 Refunding Certificates, represent undivided proportionate interests in the Sublease, including the right to receive Base Rental payments to be made by the County thereunder. The 2012 Refunding Certificates will be delivered in fully registered form only and, when executed and delivered, will be registered in the name of DTC. DTC will act as securities depository of the 2012 Refunding Certificates and all payments due with respect to the 2012 Refunding Certificates will be made to DTC or its nominee. Ownership interests in the 2012 Refunding Certificates may be purchased in book-entry form only. See APPENDIX D – "Book-Entry Only System" attached hereto.

The 2012 Refunding Certificates will be dated their date of delivery and interest represented thereby will accrue from such date. Ownership interests in the 2012 Refunding Certificates may be purchased in denominations of $5,000 or any integral multiple thereof. Interest represented by the 2012 Refunding Certificates will be computed on the basis of a 360-day year composed of 12 months of 30 days each and is payable on March 1 and September 1 of each year, commencing on September 1, 2012. The 2012 Refunding Certificates will mature on the dates and in the principal amounts, and the interest represented thereby shall be computed at the rates, all as set forth on the inside cover page of this Official Statement.

Prepayment of the 2012 Refunding Certificates

Optional Prepayment.* The 2012 Refunding Certificates maturing on or before ______ 1, 20__ shall not be subject to optional prepayment prior to maturity. The 2012 Refunding Certificates maturing on and after ______ 1, 20__ shall be subject to optional prepayment prior to maturity from amounts

* Preliminary, subject to change.

deposited with the Trustee by the County in furtherance of the exercise of the County's option to purchase the Authority's right, title and interest in the Leased Premises or any portion thereof in accordance with the Sublease and from any other funds legally available therefor, as a whole or in part on any date, on or after ______ 1, 20__, any such prepayment to be at a price equal to the principal evidenced by the 2012 Refunding Certificates to be prepaid, plus accrued interest evidenced thereby to the date fixed for prepayment, without premium.

Mandatory Prepayment. The 2012 Refunding Certificates are subject to mandatory prepayment prior to maturity, as a whole or in part on any date, at a prepayment price equal to the principal amount thereof plus accrued but unpaid interest to the prepayment date, without premium from amounts deposited with the Trustee for such prepayment following an event of damage, destruction, theft or taking of the Leased Premises or a portion thereof or as a result of a title defect with respect to the Leased Premises or a portion thereof if, as a result of such damage, destruction, theft, taking or defect, an abatement of rent will occur under the Sublease and, in the event of damage, destruction, theft or title defect, the County elects not to remove the title defect or repair or replace the Leased Premises or the affected portion thereof. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES – Insurance" herein in APPENDIX C – "SUMMARY OF PRINCIPAL LEGAL DOCUMENTS – Sublease" attached hereto.

Selection of 2012 Refunding Certificates for Prepayment. Whenever less than all of the outstanding 2012 Refunding Certificates are to be prepaid, the County may direct the principal amount of each maturity of 2012 Refunding Certificates to be prepaid. Within a maturity, the Trustee shall select 2012 Refunding Certificates for prepayment by lot. Prepayment by lot will be in such manner as the Trustee shall determine; provided, however, the portion of any 2012 Refunding Certificate to be prepaid shall be in the principal amount of $5,000 or any integral multiple thereof and all 2012 Refunding Certificates to remain Outstanding after any prepayment in part shall be in the principal amount of $5,000 or any integral multiple thereof.

Notice of Prepayment. Whenever prepayment is authorized or required pursuant to the Trust Agreement, the Trustee will give notice ("Prepayment Notice") of the prepayment of the 2012 Refunding Certificates. Such Prepayment Notice will specify: (i) the 2012 Refunding Certificates or designated portions thereof (in the case of prepayment of the 2012 Refunding Certificates in part but not in whole) which are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, including the name and address of any paying agent, (iv) the prepayment price, (v) the CUSIP numbers (if any) assigned to the 2012 Refunding Certificates to be prepaid, (vi) the certificate numbers of the 2012 Refunding Certificates to be prepaid in whole or in part and, in the case of any 2012 Refunding Certificate to be prepaid in part only, the amount of such 2012 Refunding Certificate to be prepaid, and (vii) the original issue date and stated maturity date of each 2012 Refunding Certificate to be prepaid in whole or in part. Such Prepayment Notice will further state that on the specified date there shall become due and payable upon each 2012 Refunding Certificate or portion thereof being prepaid the prepayment price, together with interest accrued but unpaid to the prepayment date, and that from and after such date, if sufficient funds are available for prepayment, interest with respect thereto shall cease to accrue and be payable.

With respect to any notice of any optional prepayment of 2012 Refunding Certificates, unless at the time such notice is given the 2012 Refunding Certificates to be prepaid shall be deemed to have been paid pursuant to the Trust Agreement, such notice shall state that such prepayment is conditional upon receipt by the Trustee, on or prior to the date fixed for such prepayment, of moneys that, together with other available amounts held by the Trustee, are sufficient to pay the prepayment price of, and accrued interest evidenced by, the 2012 Refunding Certificates to be prepaid, and that if such moneys shall not have been so received said notice shall be of no force and effect and such 2012 Refunding Certificates shall not be required to be prepaid. In the event a notice of prepayment of 2012 Refunding Certificates contains such a condition and such moneys are not so received, the prepayment of 2012 Refunding

Certificates as described in the conditional notice of prepayment shall not be made and the Trustee shall, within a reasonable time after the date on which such prepayment was to occur, give notice to the persons and in the manner in which the notice of prepayment was given, that such moneys were not so received and that there shall be no prepayment of 2012 Refunding Certificates pursuant to such notice of prepayment.

At least 30 but not more than 45 days prior to the prepayment date, the Prepayment Notice shall be given to the respective Owners of 2012 Refunding Certificates designated for prepayment by first-class mail, postage prepaid, at their addresses appearing on the Certificate Register as of the close of business on the day before such notice is given. Neither failure to receive any Prepayment Notice nor any defect in such Prepayment Notice so given shall affect the sufficiency of the proceedings for the prepayment of such 2012 Refunding Certificates.

Effect of Notice of Prepayment. The 2012 Refunding Certificates to be prepaid shall become due and payable on the date of prepayment set forth in the Prepayment Notice with respect thereto. If on such prepayment date money for the prepayment of all the 2012 Refunding Certificates to be prepaid, together with interest to such prepayment date, shall be held by the Trustee so as to be available therefor on such prepayment date, and if a Prepayment Notice shall have been given as described above, then from and after such prepayment date, interest with respect to the 2012 Refunding Certificates to be prepaid shall cease to accrue and become payable. All money held by or on behalf of the Trustee for the prepayment of 2012 Refunding Certificates shall be held in trust for the account of the Owners of the 2012 Refunding Certificates so to be prepaid. All 2012 Refunding Certificates paid at maturity or prepaid prior to maturity shall be canceled upon surrender thereof and delivered to or upon the order of the County.

2012 Refunding Certificates No Longer Outstanding. When any 2012 Refunding Certificate or portion thereof, which has been duly called for prepayment prior to maturity under the provisions of the Trust Agreement, or with respect to which irrevocable instructions to call for prepayment prior to maturity at the earliest prepayment date have been given to the Trustee and sufficient moneys shall be held by the Trustee irrevocably in trust for the payment of the prepayment price of such 2012 Refunding Certificate or portion thereof, and accrued interest with respect thereto to the date fixed for prepayment, all as provided in the Trust Agreement, then such 2012 Refunding Certificate or portion thereof shall no longer be deemed Outstanding under the provisions of the Trust Agreement. If the County shall acquire any 2012 Refunding Certificate by purchase or otherwise, such 2012 Refunding Certificate shall no longer be deemed Outstanding and shall be surrendered to the Trustee for cancellation.

Purchase of 2012 Refunding Certificates. Moneys held in the Principal Account and the Prepayment Account of the Certificate Fund may be used to reimburse the County for the purchases of 2012 Refunding Certificates that would otherwise be subject to prepayment from such moneys upon the delivery of such 2012 Refunding Certificates to the Trustee for cancellation at least ten days prior to the date on which the Trustee is required to select 2012 Refunding Certificates for prepayment. The purchase price of any 2012 Refunding Certificates purchased by the County under the Trust Agreement shall not exceed the applicable prepayment price of the 2012 Refunding Certificates which would be prepaid but for the operation of the provision described in this paragraph (accrued interest to be paid from the Interest Account of the Certificate Fund). Any such purchase must be completed prior to the time notice would otherwise be required to be given to prepay the related 2012 Refunding Certificates. All 2012 Refunding Certificates so purchased shall be cancelled by the Trustee and applied as a credit against the obligation to prepay such 2012 Refunding Certificates from such moneys.

SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES

Base Rental Payments; Abatement

The Certificates, including the 2012 Refunding Certificates, represent undivided proportionate interests in the Sublease, including the right to receive Base Rental to be made by the County thereunder. The payments of Base Rental are scheduled to be sufficient to pay principal and interest represented by the Certificates when due. The Base Rental, portions of which are designated as principal and portions of which are designated as interest, are to be made from legally available funds of the County. Amounts to pay Base Rental will be appropriated from any legally available funds of the County. The County has covenanted in the Sublease to take such action as may be necessary to include all Base Rental and Additional Rental in its annual budget and to make the necessary annual appropriations therefor, except to the extent such payments are abated. The covenants on the part of the County contained in the Sublease shall be deemed to be and shall be construed to be ministerial duties imposed by law and it shall be the ministerial duty of each and every public official of the County to take such action and do such things as are required by law in the performance of such official duty of such officials to enable the County to carry out and perform the covenants and agreements on the part of the County contained in the Sublease. The County has not pledged the revenues from the Garage, if any, to the payment of Base Rental.

The Sublease grants the County the right, subject to certain conditions of the Sublease and the Trust Agreement, to purchase the Authority's right, title and interest in the Leased Premises or any portion thereof, but only if the County is not in default under the Sublease or the Trust Agreement and only in the manner provided in the Sublease. The proceeds of any such purchase would be applied to the prepayment of Certificates and, following such purchase, the principal and interest components of the Base Rental for the Leased Premises will be recalculated in order to take such purchase into account. See APPENDIX C – "Summary of Principal Legal Documents – Sublease – Option to Purchase" attached hereto.

THE OBLIGATION OF THE COUNTY TO PAY BASE RENTAL AND ADDITIONAL RENTAL UNDER THE SUBLEASE DOES NOT CONSTITUTE AN OBLIGATION OF THE COUNTY FOR WHICH THE COUNTY IS OBLIGATED TO LEVY OR PLEDGE ANY FORM OF TAXATION OR FOR WHICH THE COUNTY HAS LEVIED OR PLEDGED ANY FORM OF TAXATION. NEITHER THE CERTIFICATES NOR THE OBLIGATION OF THE COUNTY TO MAKE BASE RENTAL CONSTITUTES AN INDEBTEDNESS OF THE COUNTY, THE STATE OR ANY OF ITS POLITICAL SUBDIVISIONS WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATON OR RESTRICTION.

Base rental payments will be abated during any period in which, by reason of material damage, destruction, theft or condemnation of the Leased Premises or any portions thereof, or defect in title to the Leased Premises, there is a substantial interference with the use and right of possession of the County of the Leased Premises or any portion thereof. If any event resulting in abatement has occurred, amounts received from rental interruption insurance, amounts held by the Trustee in the Reserve Fund and amounts which may otherwise be legally available to the County and deposited with the Trustee for the purpose of making payments in respect of the Certificates will be available to make Base Rental payments; provided, however, that amounts held by the Trustee in the Certificate Fund which are attributable to Base Rental which has been abated will not be available to make Base Rental payments. In any such event which results in abatement, the amount of abatement will be such that the resulting total rental in any Lease Year during which such interference continues does not exceed the total fair rental value of the remaining portions of the Leased Premises not damaged, destroyed, stolen, condemned or affected by the title defect. The resulting rental payments will be applied first to the payment of Base Rental and second to the payment of Additional Rental. Such abatement will continue for the period commencing with the date on which there is substantial interference with the County's right to use or possess the Leased Premises or a portion thereof and ending with the restoration of the Leased Premises or the affected portion to tenantable condition. See “RISK FACTORS – Abatement” herein.

To secure the performance of its obligation to pay Base Rental, the County has agreed pursuant to the Sublease to deposit the Base Rental payable on March 1 of any year with the Trustee on or before January 15 of such year and to deposit the Base Rental payable on September 1 of any year with the Trustee on or before July 15 of such year, in each case for application by the Trustee in accordance with the terms of the Trust Agreement. In the event any such date of deposit is not a Business Day, such deposit shall be made on the next succeeding Business Day. A table of the aggregate Base Rental Payments to be made by the County under the Sublease is set forth below.

SCHEDULE OF BASE RENTAL PAYMENTS[(1)]

Deposit Date	1993 Certificates		2012 Refunding Certificates		Total[(2)]
	Principal	Interest[(2)(3)]	Principal	Interest[(2)]	
January 15, 20__	$	$	$	$	$
July 15, 20__					
January 15, 20__					
July 15, 20__					
January 15, 20__					
July 15, 20__					
January 15, 20__					
July 15, 20__					
January 15, 20__					
July 15, 20__					
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July 15, 20__					
January 15, 20__					
July 15, 20__					
January 15, 20__					
July 15, 20__					
January 15, 20__					
July 15, 20__					
Total[(1)]:					

(1) Amounts reflect the execution and delivery of the 2012 Refunding Certificates and the refinancing described herein.
(2) Amounts reflect individual rounding.
(3) Accreted value as of the respective maturity dates.

Additional Rental

In addition to the Base Rental, pursuant to the Sublease, the County agrees to pay as Additional Rental all of the following: (i) all taxes and assessments of any nature whatsoever, including but not limited to excise taxes, ad valorem taxes, ad valorem and specific lien special assessments and gross receipts taxes, if any, levied upon the Leased Premises or upon any interest of the Authority, the Trustee or the County therein or in the Sublease; (ii) insurance premiums, if any, on all insurance required under the Sublease; (iii) all fees and expenses (not otherwise paid or provided for out of the proceeds of the sale of the Certificates) of the Trustee in connection with the Trust Agreement, the Site Lease, the Assignment Agreement and the Sublease; and (vi) any other fees, costs or expenses incurred by the Authority or the Trustee in connection with the execution, performance or enforcement of the Sublease or any of the transactions contemplated thereby or related to the Leased Premises. Payments of Additional Rental do not secure principal and interest represented by the Certificates.

Reserve Fund

A Reserve Fund has been established under the Trust Agreement and pledged to pay principal, accreted value and interest represented by the Certificates, including the 2012 Refunding Certificates. There is on deposit in the Reserve Fund the amount of $11,318,526.43, which is equal to the Reserve Requirement, defined, as of any date of calculation, as an amount equal to the least of (i) 11,318,526.43 (the initial deposit therein upon the execution and delivery of the 1993 Certificates), (ii) 10% of the initial aggregate amount of the Certificates, (iii) the maximum semiannual Base Rental payable by the County under the Sublease in the current Lease Year or any future Lease Year, and (iv) 125% of average annual Base Rental payable in each year between the date of calculation and the end of the Lease Year. The Trust Agreement does not provide for the use of a surety in place of all or a portion of the amounts held in the Reserve Fund. In the event that amounts in the Reserve Fund are used to pay principal, accreted value and interest represented by the Certificates, there can be no assurance that the amount in the Reserve Fund thereafter will equal the Reserve Requirement. The amount on deposit in the Reserve Fund is less than the annual debt service with respect to the Certificates. See APPENDIX C – "Summary of Principal Legal Documents – Trust Agreement – Funds and Accounts – Establishment and Application of Reserve Fund and Administrative Expense Fund" attached hereto.

Additional Certificates

Under the Trust Agreement, the County may from time to time, by a supplement or amendment to the Trust Agreement, authorize one or more series of Additional Certificates, evidencing additional undivided proportionate interests in the Sublease, including the right to receive Base Rental thereunder on a parity with the Outstanding Certificates; provided, however, that the County may authorize a series of Additional Certificates under the Trust Agreement only (1) for the purpose of making repairs to or replacements of the Leased Premises following an event of damage, destruction, condemnation or theft or discovery of a title defect affecting all or a portion of the Leased Premises, or (2) for the purpose of providing funds to refund any Outstanding Certificates executed and delivered under the Trust Agreement provided that, upon delivery of such Additional Certificates, Base Rental in each Lease Year, evidenced by all Certificates to be Outstanding after the execution of such Additional Certificates, shall be less than or equal to Base Rental in such Lease Year, evidenced by all Certificates Outstanding immediately prior to the delivery of such Additional Certificates. For the conditions precedent to the execution and delivery of Additional Certificates, see Appendix C – "Summary of Principal Legal Documents – Trust Agreement – Additional Certificates" attached hereto.

Insurance

The County is required to maintain or cause to be maintained at all times with insurers of recognized responsibility or through a program of self-insurance to the extent permitted under the Trust

Agreement the following insurance on the Leased Premises (1) a policy of "all risk" insurance, including flood insurance and earthquake insurance to the extent available, in an amount not less than the lesser of the full replacement value of the Leased Premises or the Total Certificate Obligation (as defined in Appendix C), (2) comprehensive general liability coverage against claims for damages including death, personal injury, bodily injury or property damaged arising from operations involving the Leased Premises, (3) boiler and machinery coverage, (4) workers' compensation insurance, (5) a California Land Title Association ("CLTA") policy or policies of title insurance for the Leased Premises and (6) rental interruption insurance to cover loss, total or partial, of the use of any part of the Leased Premises as a result of any of the hazards covered by (1) above, in an amount not less than the amount equal to the aggregate Base Rental payable by the County for the Leased Premises on the next four Payment Dates (as defined in Appendix C) under the Sublease. Pursuant to the Sublease, except for the rental interruption insurance and the CLTA policies, the County may satisfy the insurance requirements of the Sublease through a program of self-insurance. See "RISK FACTORS - Seismic Events" herein and APPENDIX C – "Summary of Principal Legal Documents – Sublease – Insurance" attached hereto.

Release and Substitution

The Sublease provides that the description of the Leased Premises may be modified or amended, any portion of the Leased Premises may be released from the Sublease, the Site Lease and the Assignment Agreement and other property and improvements may be substituted for the Leased Premises upon satisfaction of, among other things, the following conditions: (a) a certificate of a County Representative, accompanied by a written appraisal from a qualified appraiser, who may but need not be an employee of the County, evidencing that the annual fair rental value of the property which will constitute the Leased Premises after such release or substitution will be at least equal to 100% of the maximum amount of Base Rental payments becoming due in the then current Lease Year or in any subsequent Lease Year; (b) in the case of substitution of property or improvements for the then existing Lease Premises, a CLTA policy or policies of title insurance with the Trustee as the named insured in an amount, together with the amount of such insurance previously filed with the Trustee with respect to the portion of the Leased Premises remaining subject to the Sublease, not less than the aggregate principal amount of the Certificates then Outstanding, insuring the leasehold or subleasehold interest of the County, as applicable, subject only to such encumbrances as will not materially affect the County's use and possession of the Leased Premises and as will not result in an abatement of Base Rental Payable by the County under the Sublease; (c) written evidence from the Rating Agencies that such amendment will not result in a downgrading of the ratings assigned to the Certificates from the ratings in effect immediately prior to such amendment; and (d) a certificate of a County Representative stating that such release or substitution does not adversely affect the interests of the Owners of the Certificates then Outstanding. See APPENDIX C – "Summary of Principal Legal Documents – Sublease – Release and Substitution" attached hereto.

Pursuant to the Sublease, the County may sublease all or any portion of the Leased Premises, may grant concessions to a garage operator or others involving the use of all or any portion of the Leased Premises, and may assign its right to purchase the Authority's right, title and interest in the Leased Premises, or any portion thereof. The Sublease provides that the County shall at all times remain liable for the performance of the covenants and conditions on its part to be performed under the Sublease, notwithstanding any subletting or granting of concessions which may be made. Pursuant to the Sublease, the County has covenanted that it will not sublease or permit the use of all or any portion of the Leased Premises to or by any person so as to cause the portion of any component of the Base Rental designated as and comprising interest to be included in gross income for Federal income tax purposes or to be subject to State personal income taxes.

Events of Default and Remedies

Events of default under the Sublease consist of: (i) failure by the County to deposit with the Trustee any Base Rental payment required to be so deposited pursuant to the Sublease by the close of business on the day such amount is due; (ii) failure by the County to pay any item of Additional Rental as and when the same shall become due and payable pursuant to the Sublease; or (iii) breach by the County of any other terms, covenants or conditions contained in the Sublease or in the Trust Agreement, and failure to remedy any such breach with all reasonable dispatch within a period of 60 days after written notice thereof from the Authority or the Trustee, as its assignee, to the County, or, if such breach cannot be remedied within such 60-day period, failure to institute corrective action within such 60-day period and diligently pursue the same to completion.

Upon the occurrence or continuance, as applicable, of an event of default, the Authority or its assignee shall have the right, at its option, without any further demand or notice (1) to re-enter the Leased Premises and eject all parties in possession therefrom, and, without terminating the Sublease, re-let the Leased Premises as the agent for the account of the County upon such terms and conditions as the Authority or its assignee may deem advisable; provided, however, that such re-entry and re-letting shall be done only with the consent of the County, which consent is irrevocably given in the Sublease; or (2) in lieu of the above, so long as the Authority or its assignee does not terminate the County's right to possession of the Leased Premises, the Sublease shall continue in effect and the Authority or its assignee shall have the right, pursuant to Section 1951.4 of the California Civil Code, to enforce all of its rights and remedies under the Sublease, including the right to recover Base Rental payments as they become due under the Sublease.

No Remedies to Affect Tax Exemption; No Acceleration

The Authority or any assignee of the rights of the Authority under the Sublease shall not exercise its remedies under the Sublease so as to cause the portion of any component of Base Rental designated as and comprising interest to be includable in gross income for federal income tax purposes or to be subject to State personal income taxes. Notwithstanding any other provision of the Sublease or the Trust Agreement, in no event shall the Authority or any assignee of the rights of the Authority under the Sublease have the right to accelerate the payment of any Base Rental under the Sublease. See "RISK FACTORS – No Acceleration Upon an Event of Default; Limitations on Remedies" herein APPENDIX C – "Summary of Principal Legal Documents – Sublease – Default by County" attached hereto.

RISK FACTORS

The following factors, along with all other information in this Official Statement, should be considered by potential investors in evaluating the 2012 Refunding Certificates. These factors do not purport to be an exhaustive listing of risks and other considerations which may be relevant to an investment in the 2012 Refunding Certificates. In addition, the order in which the following factors are presented is not intended to reflect the relative importance of such risks.

Not a Pledge of Taxes

Principal and interest payments represented by the 2012 Refunding Certificates and other outstanding Certificates are payable from Base Rental to be made by the County under the Sublease. The obligation of the County to pay Base Rental and Additional Rental under the Sublease does not constitute an obligation of the County for which the County is obligated to levy or pledge any form of taxation or for which the County has levied or pledged any form of taxation. Neither the Certificates nor the obligation of the County to pay Base Rental or Additional Rental constitutes an indebtedness of the County, the State or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation or restriction.

Although the Sublease does not create a pledge, lien or encumbrance upon the funds of the County, the obligation of the County to make Base Rental payments under the Sublease is an obligation payable from any source of legally available funds to the County, so long as the County has the right to use and possess the leased premises, and the County has covenanted under the Sublease to make all Base Rental and Additional Rental provided for in the Sublease and to take such action as may be necessary to include all Base Rental and Additional Rental due under the Sublease in its annual budget and to make the necessary annual appropriations for all such Base Rental and Additional Rental, except to the extent such payments are abated in accordance with the Sublease. The County is currently liable on other obligations payable from general revenues, some of which may have priority over the payments of Base Rental and Additional Rental.

Additional Obligations of the County

The County has the capability to enter into other obligations which may constitute additional charges against its revenues. To the extent that additional obligations are incurred by the County, the funds available to make Base Rental payments may be decreased.

The Base Rental payments and other payments due under the Sublease (including payment of taxes and assessments, insurance premiums and other fees, costs or expenses incurred in connection with the Sublease or related to the Leased Premises) are payable from funds lawfully available to the County. In the event that the amounts which the County is obligated to pay in a Fiscal Year exceed the County's revenues for such year, the County may choose to make some payments rather than making other payments, including Base Rental, based on the perceived needs of the County. The same result could occur if, because of California constitutional limits on expenditures, the County is not permitted to appropriate and spend all of its available revenues. In such event, the County may not have sufficient funds available to pay the Base Rental payments when due. [The County's appropriations have never exceeded the limitation on appropriations under Article XIIIB of the California Constitution.]

Abatement

Base Rental payments will be abated during any period in which, by reason of material damage, destruction, theft or condemnation of the Leased Premises or any portion thereof, or defect in title to the Leased Premises, there is substantial interference with the use and right of possession by the County of the Leased Premises or any portion thereof. If any event resulting in abatement has occurred, amounts received from rental interruption insurance, and amounts which may otherwise be legally available to the County and deposited with the Trustee for the purpose of making payments in respect of the Certificates will be available to make Base Rental payments; provided, however, that amounts held by the Trustee in the Certificate Fund which are attributable to Base Rental which has been abated will not be available to make Base Rental payments. In any such event which results in abatement, the amount of abatement will be such that the resulting total rental in any Lease Year during which such interference continues does not exceed the total fair rental value of the remaining portions of the Leased Premises not damaged, destroyed, stolen, condemned or affected by the title defect. The resulting rental payments will be applied first to the payment of Base Rental and second to the payment of Additional Rental. Such abatement will continue for the period commencing with the date on which there is substantial interference with the County's right to use or possess the Leased Premises or a portion thereof and ending with the restoration of the Leased Premises or the affected portion to tenantable condition.

If an abatement of rental occurs under the Sublease, the remaining Base Rental payments, together with other moneys available to the Trustee, may not be sufficient after exhaustion of amounts held in the Certificate Fund and the Reserve Fund and the expiration of rental interruption insurance and condemnation awards, if any, to pay principal, accreted value and interest represented by the Certificates in the amounts and at the rates represented thereby. In such an event, all Certificate Owners would forfeit the right to receive a pro rata portion of interest attributable to abated Base Rental payments during the period of abatement and, to the extent any Certificates mature during a period of abatement, Certificate Owners would forfeit the right to receive a pro rata portion of principal or accreted value attributable to such abated Base Rental Payments. The failure to make such payments of principal or accreted value and interest would not under such circumstances constitute a default under the Trust Agreement, the Sublease or the Certificates.

No Acceleration Upon an Event of Default; Limitations on Remedies

Pursuant to the Sublease, in no event shall the Authority or any assignee of the rights of the Authority under the Sublease have the right to accelerate the payment of any Base Rental under the Sublease.

Pursuant to the Sublease, upon the occurrence or continuance, as applicable, of an event of default, the Authority or its assignee shall have the right, at its option, without any further demand or notice (1) to re-enter the Leased Premises and eject all parties in possession therefrom, and, without terminating the Sublease, re-let the Leased Premises as the agent for the account of the County upon such terms and conditions as the Authority or its assignee may deem advisable; or (2) in lieu of the above, so long as the Authority or its assignee does not terminate the County's right to possession of the Leased Premises, the Sublease shall continue in effect and the Authority or its assignee shall have the right, pursuant to Section 1951.4 of the California Civil Code, to enforce all of its rights and remedies under the Sublease, including the right to recover Base Rental payments as they become due under the Sublease. In the event that the Trustee, as assignee of the Authority's rights under the Sublease, elects to have the Sublease continue in effect and to enforce all of its rights and remedies thereunder, the Trustee would be required to seek a separate judgment each year for that year's defaulted Rental Payments. Any such suit for money damages would be subject to limitations on legal remedies against counties in the State, including a limitation on enforcement of judgments against funds of a fiscal year other than the fiscal year in which the Rental Payments were due and against funds needed to serve the public welfare and interest.

Additionally, enforceability of the rights and remedies of the Owners, and the obligations incurred by the Authority and the County, may become subject to the federal bankruptcy code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditor's rights generally, now or hereafter in effect, equity principles which may limit the specific enforcement under State law of certain remedies, the exercise by the United States of America of the powers delegated to it by the Constitution, the reasonable and necessary exercise, in certain exceptional situations, of the police powers inherent in the sovereignty of the State and its governmental bodies in the interest of serving a significant and legitimate public purpose and the limitations on remedies against counties in the State. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the Owners to judicial discretion and interpretation of their rights in bankruptcy or otherwise, and consequently may entail risks of delay, limitation, or modification of their rights.

Seismic Events

The Leased Premises is located within a seismically active area, and damage to the Leased Premises from an earthquake could be substantial. Under the Sublease, the County is required to maintain earthquake insurance as part of its "all risk" insurance to the extent available. The County presently maintains earthquake insurance on certain of its properties, including the Leased Premises. See "SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES – Insurance" herein. Pursuant to the Sublease, if there is an abatement of rental payments as a result of any casualty or event covered by the insurance required to be maintained under the Sublease, the County may elect to apply the insurance proceeds or such other sums as are deposited by the County to the prepayment of the 2012 Refunding Certificates rather than replacing or repairing the damaged or destroyed portion of the Leased Premises, in which case the Sublease will terminate with respect to the damaged or destroyed portion of the Leased Premises. If the County elects to apply the proceeds to the replacement, repair or reconstruction of the Leased Premises or the affected portion thereof, the Base Rental will again begin to accrue with respect thereto upon restoration of the Leased Premises or the affected portion thereof to tenantable condition. See “RISK FACTORS – Abatement” herein.

Adequacy of County Insurance Reserves or Insurance Proceeds

The County may self-insure for certain types of insurance required under the Sublease. See APPENDIX C – “Summary of Principal Legal Documents – Sublease – Insurance” attached hereto. The County intends to self-insure for workers’ compensation insurance and general liability insurance with respect to the Leased Premises. No assurance can be given that the insurance reserves established by the County will be sufficient to satisfy any loss which the County may experience. See “SECURITY AND SOURCES OF PAYMENT FOR THE 2012 REFUNDING CERTIFICATES – Abatement” and “– Abatement” herein.

Economic Conditions in the State of California

State income tax and other receipts can fluctuate significantly from year to year, depending on economic conditions in the State and the nation. Decreases in the State’s General Fund revenues may significantly affect appropriations made by the State to public agencies, including the County. See APPENDIX A – “The County of Los Angeles Information Statement” attached hereto.

TAX MATTERS

[Revised language to come.] In the opinion of Orrick, Herrington & Sutcliffe LLP (“Special Counsel”), Special Counsel to the County, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest evidenced by the 2012 Refunding Certificates is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. In the further opinion of Special Counsel, interest evidenced by the 2012 Refunding Certificates is not a specific preference item for purposes of the federal individual or corporate alternative minimum taxes, although Special Counsel observes that such interest is included in adjusted current earnings when calculating corporate alternative minimum taxable income. A complete copy of the proposed form of opinion of Special Counsel is set forth in Appendix D hereto.

To the extent the issue price of any maturity of the 2012 Refunding Certificates is less than the amount to be paid at maturity of such 2012 Refunding Certificates (excluding amounts stated to be interest and payable at least annually over the term of such 2012 Refunding Certificates), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest evidenced by the 2012 Refunding Certificates which is excluded from gross income for federal income tax purposes and State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2012 Refunding Certificates is the first price at which a substantial amount of such maturity of the 2012 Refunding Certificates is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2012 Refunding Certificates accrues daily over the term to maturity of such 2012 Refunding Certificates on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2012 Refunding Certificates to determine taxable gain or loss upon disposition (including sale, prepayment, or payment on maturity) of such 2012 Refunding Certificates. Beneficial Owners of the 2012 Refunding Certificates should consult their own tax advisors with respect to the tax consequences of ownership of 2012 Refunding Certificates with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2012 Refunding Certificates in the original offering to the public at the first price at which a substantial amount of such 2012 Refunding Certificates is sold to the public.

2012 Refunding Certificates purchased, whether at original execution and delivery or otherwise, for an amount higher than their principal evidenced thereby payable at maturity (or, in some cases, at their earlier prepayment date) ("Premium Certificates") will be treated as having amortizable premium. No deduction is allowable for the amortizable premium in the case of obligations, like those evidenced by the Premium Certificates, the interest with respect to which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner's basis in a Premium Certificate, will be reduced by the amount of amortizable premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Certificates should consult their own tax advisors with respect to the proper treatment of amortizable premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest evidenced by obligations such as the 2012 Refunding Certificates. The County has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest evidenced by the 2012 Refunding Certificates will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest evidenced by the 2012 Refunding Certificates being included in gross income for federal income tax purposes, possibly from the date of original execution and delivery of the 2012 Refunding Certificates. The opinion of Special Counsel assumes the accuracy of these representations and compliance with these covenants. Special Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Special Counsel's attention after the date of execution and delivery of the 2012 Refunding Certificates may adversely affect the value of, or the tax status of interest evidenced by, the 2012 Refunding Certificates. Accordingly, the opinion of Special Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Special Counsel is of the opinion that interest evidenced by the 2012 Refunding Certificates is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of interest evidenced by, the 2012 Refunding Certificates may otherwise affect a Beneficial Owner's federal, state or local tax liability. The nature and extent of these other tax consequences depend upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Special Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest evidenced by the 2012 Refunding Certificates to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the 2012 Refunding Certificates. Prospective purchasers of the 2012 Refunding Certificates should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Special Counsel expresses no opinion.

The opinion of Special Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Special Counsel's judgment as to the proper treatment of the 2012 Refunding Certificates for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Special Counsel cannot give and has not given any opinion or assurance about the future activities of the County, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The County has covenanted, however, to comply with the requirements of the Code.

Special Counsel's engagement with respect to the 2012 Refunding Certificates ends with the execution and delivery of the 2012 Refunding Certificates, and, unless separately engaged, Special Counsel is not obligated to defend the County or the Beneficial Owners regarding the tax-exempt status of the 2012 Refunding Certificates in the event of an audit examination by the IRS. Under current procedures, parties other than the County and its appointed counsel, including the Beneficial Owners, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the County legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the 2012 Refunding Certificates for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2012 Refunding Certificates, and may cause the County or the Beneficial Owners to incur significant expense.

CONTINUING DISCLOSURE

Pursuant to the Continuing Disclosure Certificate to be executed in connection with the execution and delivery of the 2012 Refunding Certificates, the County has covenanted to provide, or cause to be provided, by not later than February 1 of each fiscal year, commencing on February 1, 2013, to the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access system certain annual financial information and operating data and, no later than ten (10) business days after their occurrence, notice of certain events. These covenants have been made in order to assist the Underwriters of the 2012 Refunding Certificates in complying with the Rule15c2-12 (the "Rule") promulgated by the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended. See APPENDIX E – "Form of Continuing Disclosure Certificate" attached hereto. The County has not failed in the previous five years to comply in all material respects with any previous undertakings with regard to the Rule.

CERTAIN LEGAL MATTERS

Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, will render an opinion with respect to the legality of the Sublease and the Trust Agreement and certain other matters. Special Counsel has not undertaken any responsibility for the accuracy, completeness or fairness of this Official Statement. A complete copy of the proposed form of opinion of Special Counsel is contained in APPENDIX F – "Form of Opinion of Special Counsel" attached hereto. Certain legal matters will be passed upon for the Underwriters by their counsel, Hawkins Delafield & Wood LLP, Los Angeles, California and for the County and the Authority by County Counsel.

FINANCIAL STATEMENTS

The financial statements of the County for Fiscal Year ended June 30, 2011, pertinent sections of which are included in Appendix B to this Official Statement, have been audited by Macias Gini & O'Connell LLP (the "Independent Auditor"), certified public accountants, as stated in their report appearing in Appendix B. Independent Auditor has not consented to the inclusion of its report as Appendix B and has not undertaken to update its report or to take any action intended or likely to elicit information concerning the accuracy, completeness or fairness of the statements made in this Official Statement, and no opinion is expressed by Independent Auditor with respect to any event subsequent to its report dated December 15, 2011.

FINANCIAL ADVISOR

Public Resources Advisory Group, has served as Financial Advisor to the County in connection with the execution and delivery of the 2012 Refunding Certificates. The Financial Advisor has not been engaged, nor has it undertaken, to make an independent verification or assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement.

LITIGATION

To the best knowledge of the County and the Authority, there is no litigation pending or threatened against the County or the Authority concerning the validity of the 2012 Refunding Certificates or challenging any action taken by the County or the Authority in connection with the authorization of the Trust Agreement, the Sublease or any other document relating to the 2012 Refunding Certificates to which the County or the Authority is or is to become a party or the performance by the County or the Authority of any of their obligations under any of the foregoing.

There are a number of lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not materially impair the ability of the County to make the Rental Payments when due. See APPENDIX A – "The County of Los Angeles Information Statement – General Litigation" attached hereto.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service ("Moody's") and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. ("Standard & Poor's") have assigned the 2012 Refunding Certificates ratings of "__," "__" and "__", respectively. Such ratings reflect only the views of Fitch, Moody's and Standard & Poor's, and do not constitute a recommendation to buy, sell or hold the 2012 Refunding Certificates. Explanation of the significance of such ratings may be obtained only from the respective organizations at: Fitch Ratings, One State Street Plaza, New York, New York 10004; Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007-2796; and Standard and Poor's Ratings Services, 55 Water Street, New York, New York 10041. There is no assurance that any such ratings will continue for any given period of time or that they will not be revised downward or withdrawn entirely by the respective rating agencies, if in the judgment of any such rating agency circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the 2012 Refunding Certificates.

UNDERWRITING

The 2012 Refunding Certificates are being purchased by Wells Fargo Bank, N.A., as representative of itself and the underwriters identified on the cover page of this Official Statement (collectively, the "Underwriters"). The Underwriters have agreed to purchase the 2012 Refunding Certificates from the County at an aggregate purchase price of $_________ (consisting of the aggregate principal amount of the 2012 Refunding Certificates of $_________, plus/minus an original issue premium/discount of $_________ and less underwriters' discount of $_________), pursuant to the terms of the Purchase Agreement. The Purchase Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters will be obligated to purchase all of the 2012 Refunding Certificates offered under the Purchase Agreement if any of the 2012 Refunding Certificates offered thereunder are purchased.

The following two paragraphs have been provided by Wells Fargo Bank, N.A., one of the underwriters for the 2012 Refunding Certificates.

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association.

Wells Fargo Bank, National Association ("WFBNA"), one of the underwriters of the 2012 Refunding Certificates, has entered into an agreement (the "Distribution Agreement") with Wells Fargo Advisors, LLC ("WFA") for the retail distribution of certain municipal securities offerings, including the 2012 Refunding Certificates. Pursuant to the Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2012 Refunding Certificates with WFA. WFBNA and WFA are both subsidiaries of Wells Fargo & Company.

The following two sentences have been provided by De La Rosa & Co., one of the underwriters for the 2012 Refunding Certificates: De La Rosa & Co., one of the Underwriters of the 2012 Refunding Certificates, has entered into separate agreements with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC and City National Securities, Inc. for retail distribution of certain municipal securities offerings, at the original issue price. Pursuant to said agreements, if applicable to the 2012 Refunding Certificates, De La Rosa & Co. will share a portion of its underwriting compensation with respect to the 2012 Refunding Certificates with Credit Suisse Securities USA LLC, UnionBanc Investment Services LLC or City National Securities, Inc.

ADDITIONAL INFORMATION

Included herein are brief summaries of certain documents and reports, which summaries do not purport to be complete or definitive, and reference is made to such documents and reports for full and complete statements of the contents thereof. Copies of the Trust Agreement, the Site Lease, the Sublease, the Assignment Agreement and the Escrow Agreement may be obtained upon request from the Trustee at: 633 West Fifth Street, 24th Floor, Los Angeles, California 90071, Attention: Corporate Trust Services. Any statements in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of fact. This Official Statement is not to be construed as a contract or agreement among the Authority, the County and the purchasers or Owners of any of the 2012 Refunding Certificates.

The County regularly prepares a variety of reports, including audits, budgets, and related documents, as well as certain monthly activity reports. Any Owner of the 2012 Refunding Certificates may obtain a copy of any such report, as available, from the County at the address set forth below.

This Official Statement and its distribution have been duly authorized by the County and the Authority.

GLENN BYERS
ASSISTANT TREASURER AND TAX COLLECTOR
COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR
KENNETH HAHN HALL OF ADMINISTRATION, ROOM 432
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012
(213) 974-7175

APPENDIX A

THE COUNTY OF LOS ANGELES INFORMATION STATEMENT

THE COUNTY OF LOS ANGELES
Information Statement

GENERAL INFORMATION

The County of Los Angeles (the "County") was established by an act of the California State Legislature on February 18, 1850 as one of California's original 27 counties. Located in the southern coastal portion of the State, the County covers 4,084 square miles and includes 88 incorporated cities as well as many unincorporated communities. With a population of over 9.8 million in 2010, the County is the most populous of the 58 counties in California and has a larger population than 43 states. As required by the County Charter, County ordinances, and State or Federal mandates, the County is responsible for providing government services at the local level for activities including public welfare, health and justice, the maintenance of public records, and administration of ad valorem taxes.

The County provides services such as law enforcement and public works to cities within the County on a cost-recovery contract basis. The County also provides municipal services to unincorporated areas of the County and operates recreational and cultural facilities in these locations.

COUNTY GOVERNMENT

The County of Los Angeles is governed by a five-member Board of Supervisors, each of whom is elected by residents from their respective supervisorial districts. Supervisors serve four-year alternating terms with elections held every two years. The other elected officials of the County are the Assessor, District Attorney and Sheriff. On March 5, 2002, County voters approved two charter amendments that introduced mandatory term limits for the elected officials of the County. As a result, each Supervisor is now limited to serving three consecutive terms commencing as of December 2002. On September 27, 2011, the Board of Supervisors adopted a final Supervisorial District Boundary Plan based on the results of the 2010 census. The redistricting plan, which took effect on October 27, 2011, reduced the total variance in population among the five districts from 9.97% to 1.59% and moved approximately 277,600 residents to new supervisorial districts.

In March 2007, the Board of Supervisors amended the County Code by adopting the Interim Governance Structure Ordinance. This new governance structure delegates to the Chief Executive Office (the "CEO") additional responsibilities for the administration of the County, including the oversight, evaluation and recommendation for appointment and removal of specific Department Heads and County Officers. The five departments that continued to report directly to the Board of Supervisors were the Fire Department, Auditor-Controller, County Counsel, Executive Office of the Board of Supervisors, and the CEO. The change in administrative structure was designed to improve the operational efficiency of County governance. The Board of Supervisors has retained the exclusive responsibility for establishing County policy, regulations, and organizational directions. In May 2011, the Board of Supervisors revised the governance structure by directing the Department of Children and Family Services and the Probation Department to report directly to the Board.

COUNTY SERVICES

The vast majority of the County population resides in the 88 incorporated cities located within its boundaries. The County provides some municipal services to these cities on a contract basis under the Contract Services Plan. Established in 1954, this plan is designed to allow cities to contract for municipal services without incurring the cost of creating numerous city departments and facilities. Under the Contract Services Plan, the County will provide various municipal services to a city on a cost recovery basis at the same level of service as provided in unincorporated areas, or at any higher level the city may choose.

Over one million people live in the unincorporated areas of the County of Los Angeles. For the residents of these areas, the County Board of Supervisors is their "City Council," and County departments provide all of their municipal services, including law enforcement, fire protection, land use and zoning, building and business permits, road maintenance, animal care and control, and public libraries. Beyond the unincorporated areas, the County of Los Angeles provides a wide range of services to all citizens who live within its boundaries.

Many of the County's core service functions are required by the County Charter, County ordinances, or by State or Federal mandate. State and Federal mandated programs, primarily in the social services and health care areas, are required to be maintained at certain minimum levels, which can limit the County's flexibility in these areas.

Health and Welfare

Under State Law, the County is required to administer Federal and State health and welfare programs, and to fund a portion of the program costs with local revenues, such as sales and property taxes. Health care services are provided through a network of County hospitals and comprehensive health centers. In addition, the County provides public health, immunization, environmental and paramedic services, and is responsible for the design and establishment of the county-wide emergency trauma network, which includes two medical centers operated by the County. The County also has responsibility for providing and partially funding mental health, drug and alcohol prevention, and various other treatment programs. These services are provided through County facilities and a network of contract providers.

While many of the patients receiving services at County facilities are indigent or covered by Medi-Cal (a State health insurance program), the County health care delivery system has been designed with the objective of providing quality health care services to the entire population. Through its affiliation with two medical schools and by operating its own school of nursing, the County Department of Health Services ("DHS") is a major supplier of health care professionals throughout California.

Disaster Services

The County operates and coordinates an entire disaster recovery network that is responsible for providing critical services in response to floods, fires, storms, earthquakes, and other emergency events. Centralized command centers can be established at any Sheriff station or in mobile trailers throughout the County. To prevent floods and conserve water, the County maintains and operates a system of 15 major dams, 131 debris basins, 86,500 catch basins, 42 sediment placement sites, and over 2,825 miles of storm drains and channels. County lifeguards monitor 31 miles of beachfront and County rescue boats patrol 75 miles of coastline, including the Catalina Channel.

Public Safety

The County criminal justice network is primarily supported by local County revenue sources, State Public Safety sales tax revenue and fees from contracting cities. The Sheriff provides county-wide law enforcement services and will perform specific functions requested by local police departments, including the training of thousands of police officers employed by the incorporated cities of the County. Specifically, the County provides training for narcotics, vice, homicide, consumer fraud, and arson investigations, as well as assistance in locating and analyzing crime scene evidence. The County also operates and maintains one of the largest jail systems in the United States, with an average daily population of over 17,000 inmates.

General Government

The County is responsible for the administration of the property tax system, including property assessment, assessment appeals, collection of taxes, and distribution of property tax revenue to cities, community redevelopment agencies, special districts, and local school districts. Another essential general government service is the County's voter registration and election system, which provides services to an estimated 4.1 million registered voters and maintains 5,000 voting precincts for countywide elections.

Culture and Recreation

Through a partnership with community leaders, non-profit organizations, volunteers and the private sector, the County operates the Music Center complex, which includes the Dorothy Chandler Pavilion, Mark Taper Forum, Ahmanson Theater, and the Walt Disney Concert Hall. The County also functions as the operator of the Hollywood Bowl, the John Anson Ford Theater, the Los Angeles County Museum of Art, the Museum of Natural History, and the George C. Page Museum.

The County's botanical centers, including the Arboretum, the South Coast Botanic Garden, Descanso Gardens, and the Virginia Robinson Estate, provide County residents with a valuable educational resource. The County also manages over 63,000 acres of parks and operates a network of regional recreational facilities, including Marina del Rey (a small craft harbor), 7 major regional parks, 90 local and community regional parks and 19 golf courses.

EMPLOYEE RELATIONS/COLLECTIVE BARGAINING

Approximately 85% of the County workforce is represented by certified employee organizations. These organizations include sixty (60) collective bargaining units, which are represented either by the Services Employees International Union ("SEIU") Local 721, which covers the vast majority of County employees, the Coalition of County Unions ("CCU"), which represents nine (9) unions, or one of eight (8) Independent Unions. Under labor relations policy direction from the Board of Supervisors and Chief Executive Officer, the CEO Employee Relations Division negotiates sixty (60) individual collective bargaining agreements for wages and salaries and two fringe benefit agreements with SEIU Local 721 and the CCU. The Independent Unions are covered by one of the two fringe benefit agreements.

In March 2009, the Board of Supervisors approved amendments to eight (8) Memoranda of Understanding ("MOU") covering wages, salaries and special pay practices with the Independent Unions representing fire fighters, peace officers, public defender investigators, beach lifeguards and deputy probation officers (the "Public Safety Unions"). The amendments extended the terms and conditions of the existing MOUs for an additional two-year period through December 31, 2010 or January 31, 2011, depending on the specific bargaining unit, and provided for the continuation of existing salaries with no cost-of-living adjustments.

In December 2009, the Board of Supervisors approved successor fringe benefit agreements with most of the collective bargaining units represented by SEIU Local 721, the CCU and the Independent Unions. Under the terms of the new fringe benefit agreements, which expire on September 30, 2011, County employees agreed to forego any cost of living increases through the 2-year contract term; and the County has agreed to increase its contribution for employee health care by 8% in Fiscal Year 2009-10 and 7.2% in Fiscal Year 2010-11.

On February 1, 2011, the Board of Supervisors approved amendments to eight (8) MOUs covering wages, salaries and special pay practices for the Public Safety Unions. The amendments extended the terms and conditions of the existing MOUs for an additional one-year period through December 31, 2011 or January 31, 2012, depending on the specific bargaining unit, and provided for the continuation of existing salaries with no cost-of-living adjustments.

On March 15, 2011, the Board of Supervisors approved amendments to forty-eight (48) MOUs covering wages, salaries and special pay practices with most of the collective bargaining units represented by SEIU Local 721, the CCU and the Independent Unions representing non public safety personnel. The amendments extended the terms and conditions of the existing MOUs for an additional one-year period through September 30, 2012, and provided for the continuation of existing salaries with no cost-of-living adjustments.

RETIREMENT PROGRAM

General Information

All permanent County employees of three-quarter time or more are eligible for membership in the Los Angeles County Employees Retirement Association ("LACERA"). LACERA was established in accordance with the County Employees Retirement Law of 1937 (the "Retirement Law") to administer the County's Employee Retirement Trust Fund (the "Retirement Fund"). LACERA operates as a cost-sharing multi-employer defined benefit plan for the County of Los Angeles and four minor participating agencies. The four non-County agencies account for less than one percent (1%) of LACERA's membership. Through the Retirement Fund and various benefit plans, LACERA provides retirement benefits to all general and safety (sheriff, fire and lifeguard) members.

The LACERA plans are structured as "defined benefit" plans in which benefit allowances are provided based on salary, length of service, age and membership classification (*i.e.*, law enforcement officers, firefighters, foresters and lifeguard classifications are included as "safety" employees and all other occupational classifications are included as "general" employees). County employees have the option to participate in a contribution based defined benefit plan or a non-contribution based defined benefit plan. In the contribution based plans (Plans A, B, C & D), employees contribute a fixed percentage of their monthly earnings to LACERA based on rates determined by LACERA's independent actuary. The contribution rates depend upon age, the date of entry into the plan and the type of membership (general or safety). County employees who began their employment after January 4, 1982 also have the option to participate in Plan E, which is a non-contribution based plan. The contribution based plans (A through D) have higher monthly benefit payments for retirees compared to Plan E.

LACERA's total membership as of June 30, 2010 was 160,604, consisting of 66,074 active vested members, 28,336 non-vested active members, 54,196 retired members and 11,998 terminated vested (deferred) members. Of the 94,410 active members (vested and non-vested), 81,413 are general members in General Plans A through E, and 12,997 are safety members in Safety Plans A or B. Beginning in 1977, both the General Plan A and the Safety Plan A were closed to new members. The County elected to close these plans in response to growing concerns regarding the future cost of the Plan A options. The Plan A retirement benefits are considerably more generous than other plan options currently available to County employees.

As of March 31, 2011, approximately 65% of general members were enrolled in General Plan D, and 99% of all safety members were enrolled in Safety Plan B. The basic benefit structure of General Plan D is a "2.0% at 61" funding formula that provides for annual 2.0% increases in benefits and no benefit reductions following 61 years of age. For the Safety Plan B, the benefit structure is a "2.0% at 50" formula that provides benefit increases of 2.0% and no benefit reductions beginning at age 50. As a result, a General Plan D member with 35 years of experience can retire at age 61 with benefits equal to approximately 70% of current salary. A Safety Plan B member with 25 years of experience can retire at age 50 with benefits equal to approximately 50% of current salary.

In an internal survey completed by the CEO in Fiscal Year 2010-11, it was determined that the benefit structures of other public retirement plans in California differ considerably from the County's two primary contribution-based plans (General Plan D and Safety Plan B). For example, the CEO found that six of the ten largest counties in the State, and nine of the ten largest cities in the State, provide their general employees with at least 2.0% annual increases, and no reduction in benefits for those employees who retire at age 55 or younger. In addition, seven of the ten largest counties, and seven of the ten largest cities, provide their public safety personnel with annual benefit increases of 3.0%, and no reduction in benefits for employees who retire at age 50 or younger.

Contributions

Employers and members contribute to LACERA based on unisex rates recommended by the independent actuary (using the Entry Age Normal Cost Funding Method) and adopted by the Board of Investments and the County's Board of Supervisors. Contributory plan members are required to contribute between 5% and 15% of their annual covered salary. Employers and participating agencies are required to contribute the remaining amounts necessary to finance the coverage of their employees (members) through monthly or annual pre-funded contributions at actuarially determined rates. The annual contribution rates are based on the results of investments and various other factors set forth in the actuarial valuations and investigations of experience described below.

Investment Policy

The investment board of LACERA (the "Board of Investments") has exclusive control of all Retirement Fund investments and has adopted an Investment Policy Statement. The Board of Investments is comprised of four active and retired members and four public directors appointed by the Board of Supervisors. The County Treasurer and Tax Collector serves as an ex-officio member. The Investment Policy Statement establishes LACERA's investment policies and objectives and defines the principal duties of the Board of Investments, investment staff, investment managers, master custodian, and consultants.

Actuarial Valuation

The Retirement Law requires the County to contribute to the Retirement Fund on behalf of employees using rates determined by the plan's independent actuary, which is currently Milliman Consultants and Actuaries ("Milliman"). Such rates are required under the Retirement Law to be calculated at least once every three years. LACERA presently conducts annual valuations to assess changes in the Retirement Fund's portfolio.

In June 2002, the County and LACERA entered into the Retirement Benefits Enhancement Agreement (the "2002 Agreement") to enhance certain retirement benefits in response to certain changes to State programs enacted in 2001 and fringe benefit changes negotiated in 2000. However, unlike other local governments in California, the County did not agree to major increases in pension benefits as part of its 2002 Agreement. The 2002 Agreement, which expired in July 2010, provided for a 30-year rolling amortization period for any unfunded actuarial accrued liability ("UAAL"). UAAL is defined as the actuarial accrued liability minus the actuarial value of the assets of LACERA at a particular valuation date.

When measuring assets to determine the UAAL, the County has elected to "smooth" gains and losses to reduce the potential volatility of its funding requirements. If in any year, the actual investment return on the Retirement Fund's assets is lower or higher than the current actuarial assumed rate of return, then the shortfall or excess is smoothed, or spread, over a multi-year time period. The impact of this valuation method will result in "smoothed" assets that are lower or higher than the market value of assets depending on whether the remaining amount to be smoothed is either a net gain or a net loss.

Beginning with Fiscal Year 2006-07, the Board of Investments adopted a revised series of economic and demographic assumptions to be used in LACERA's actuarial valuations. The economic assumptions for the investment return rate, wage growth rate and price inflation were set at 7.75%, 3.75% and 3.50%, respectively. Changes to the demographic assumptions included higher merit salary increases for safety members with 20 or more years of service, an increase in retirement rates and lower mortality rates for disabled retirees. The net effect of the change in actuarial assumptions was to increase both the actuarial accrued liability ("AAL") for the Plan and the total County contribution rate. In Fiscal Year 2007-08, the assumed wage growth rate was increased from 3.75% to 4.00%. The economic and demographic assumptions were unchanged for the actuarial analysis completed for Fiscal Year 2008-09.

In December 2009, the Board of Investments adopted a new Retirement Benefit Funding Policy (the "2009 Funding Policy"), which amended the terms of the 2002 Agreement. The impact of the 2009 Funding Policy on the LACERA plans was reflected in the June 30, 2009 Actuarial Valuation prepared by Milliman (the "2009 Actuarial Valuation"). The two most significant changes in the 2009 Funding Policy are described as follows:

- Asset Smoothing Period: The smoothing period to account for asset gains and losses increased from three years to five years. This is the most significant change and resulted in a higher Funded Ratio (as determined by dividing the valuation assets by the AAL), and a lower contribution rate than would have been calculated under the previous three-year smoothing period.

- Amortization Period: The UAAL is now amortized over a closed thirty-year layered period, compared to an open thirty-year period under the 2002 Agreement. If LACERA achieves a Funded Ratio in excess of 100%, the surplus funding position will be amortized over a thirty-year open period.

In addition to annual actuarial valuations, LACERA requires its actuary to review the reasonableness of the economic and non-economic actuarial assumptions every three years. This review, commonly referred to as the Investigation of Experience, is accomplished by comparing actual results during the preceding three years to what was expected to occur according to the actuarial assumptions. On the basis of this review, the actuary recommends whether any changes in the assumptions or methodology would allow a more accurate projection of total benefit liabilities and asset growth. Based on the Investigation of Experience for the three-year period ended June 30, 2010, Milliman recommended that the Board of Investments consider the adoption of some key changes to the economic assumptions related to inflation and investment return, and some changes to the demographic assumptions.

For the June 30, 2010 actuarial valuation (the "2010 Actuarial Valuation"), Milliman recommended a decrease in the assumed rate of inflation from 3.5% to a range of 3.00% to 3.25%, and a decrease in the assumed investment rate of return from 7.75% to a range of 7.25% to 7.5%. In December 2010, the Board of Investments decided to leave the assumed rate of inflation and the assumed investment rate of return unchanged at 3.5% and 7.75%, respectively. However, the Board of Investments voted to adopt Milliman's recommendations regarding changes to the demographic assumptions, which are reflected in the 2010 Actuarial Valuation.

On October 12, 2011, the Board of Investments decided to lower the assumed investment rate of return from 7.75% to 7.5%, and to phase in the reduction over a three-year period commencing as of June 30, 2011. The assumed rates of return will be 7.7%, 7.6% and 7.5% for the June 30th year-end actuarial valuations in 2011, 2012 and 2013, respectively. The lower assumed rates of return are projected to increase the County's required contribution to LACERA by $13.4 million in Fiscal Year 2012-13, $53.4 million in Fiscal Year 2013-14, and $88.8 million in Fiscal Year 2014-15. The cumulative impact of the lower assumed rates of return is projected to be $155.6 million for the three-year period ended June 30, 2015.

UAAL and Deferred Investment Returns

The 2009 Actuarial Valuation reported a rate of return on Retirement Fund assets of negative 18.3% for the Fiscal Year ended June 30, 2009, which corresponds to an $8.226 billion reduction in the market value of assets from June 30, 2008. Under the 2009 Funding Policy, the actuarial value of Retirement Fund assets decreased by $120 million to $39.542 billion as of June 30, 2009, and the Funded Ratio decreased by 5.6% from 94.5% to 88.9% as of June 30, 2009. The actuarial value does not include $9.819 billion of deferred investment losses that will be recognized over the next four fiscal years.

The 2009 Actuarial Valuation reported that the AAL increased by $2.494 billion to $44.469 billion, and the UAAL increased from $2.313 billion on June 30, 2008 to $4.927 billion as of June 30, 2009. The $2.614 billion increase in the UAAL was primarily the result of the significant investment losses in Fiscal Year 2008-09. A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio") on page A-10.

The 2009 Actuarial Valuation provided the basis for establishing the contribution rates effective July 1, 2010. In Fiscal Year 2010-11, the County's required contribution rate increased by 2.14% to 14.22% of covered payroll. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 1.99% to 4.12%, and an increase in the normal cost contribution rate from 10.09% to 10.10%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of significant actuarial investment losses, which account for 3.91% of the 14.22% total contribution rate. The impact of the actuarial investment losses on the required contribution rate was partially offset by the transition to a five-year smoothing period (-1.16%) as a result of the 2009 Funding Policy.

The 2010 Actuarial Valuation reported a rate of return on Retirement Fund assets of 11.6% for the Fiscal Year ended June 30, 2010, which corresponds to a $2.935 billion or 9.6% increase in the market value of assets from June 30, 2009. The market rate of return compares favorably to the 7.75% assumed rate of return, but was more than offset by large deferred asset losses from prior years that were partially recognized in the current actuarial valuation. The actuarial value of Retirement Fund assets decreased by $703 million to $38.839 billion as of June 30, 2010, and the Funded Ratio decreased by 5.6% from 88.9% to 83.3% as of June 30, 2010. The actuarial value does not include $6.211 billion of net deferred investment losses that will be recognized over the next three fiscal years.

The large deferred loss is primarily due to the fact that the 5-year asset smoothing method has recognized only two-fifths of the substantial investment losses that occurred in the Fiscal Year ended June 30, 2009. To demonstrate the impact of utilizing an asset smoothing period, the actuary estimates that the Funded Ratio would have been 69.9% as of June 30, 2010, and the required County contribution rate would be 20.9% for Fiscal Year 2011-12, if the actual market value of Retirement Fund assets was used as the basis for the actuarial calculations.

The 2010 Actuarial Valuation reported that the AAL increased by $2.177 billion to $46.646 billion, and the UAAL increased from $4.927 billion on June 30, 2009 to $7.807 billion as of June 30, 2010. The $2.88 billion increase in the UAAL was primarily the result of the significant investment losses in Fiscal Year 2008-09. A six-year history of the County's UAAL is provided in Table 1 ("Retirement Plan UAAL and Funded Ratio") on page A-10.

Based on the 2010 Actuarial Valuation, the County's required contribution rate will increase by 2.09% to 16.31% of covered payroll in Fiscal Year 2011-12. The increase in the contribution rate was comprised of an increase in the funding requirement to finance the UAAL over 30 years from 4.12% to 6.47%, and a decrease in the normal cost contribution rate from 10.10% to 9.84%. The increase in the contribution rate to fund the UAAL was primarily driven by the recognition of the significant actuarial investment losses from prior years, which caused an increase in the required contribution rate of 2.51%. The impact of the actuarial investment losses on the required contribution rate was partially offset by strong investment returns in Fiscal Year 2009-10 and other positive variances from the economic and demographic assumptions. The changes in the demographic assumptions adopted by LACERA from the 2010 Investigation of Experience resulted in a .27% reduction in the required contribution rate.

The strong performance of the equity markets has continued in Fiscal Year 2010-11, with LACERA reporting a 20.4% return on Retirement Fund assets for the Fiscal Year ended June 30, 2011. The asset allocation percentages for the Retirement Fund as of June 30, 2011 were 23.2% domestic equity, 28.7% international equity, 25.1% fixed income, 8.5% real estate, 10.0% private equity, 2.7% commodities and 1.8% cash.

A summary of investment returns for the prior six years is presented in Table 2 ("Investment Return on Retirement Plan Assets") on page A-10

Pension Funding

The County has funded 100% or more of its annual required contribution to LACERA in each of the last twelve years. In Fiscal Years 2009-10 and 2010-11, the County's total contributions to the Retirement Fund were $802.5 million and $898.8 million, respectively. For Fiscal Year 2011-12, the County's required contribution payments are estimated to increase by $122.1 million to $1.021 billion.

A summary of employer contributions for the seven years ended June 30, 2011 is presented in Table 3 ("County Pension Related Payments") on page A-10.

During the early and mid-1990's, the County relied heavily upon the use of excess earnings to fund all or a portion of its annually required contribution to LACERA. The County's excess earnings were generated as a result of an agreement between the County and LACERA, which allowed the County to share in Retirement Plan earnings (through June 30, 1998) in excess of the actuarial assumed rate of return. Beginning in 1996, however, the County embarked on a multi-year plan to lessen its reliance on excess earnings by systematically increasing its net County cost to the Retirement Plan. The required contribution for Fiscal Year 2007-08 represented the first year that excess earnings were not used to fund the County's required contribution. The remaining balance of excess earnings maintained with LACERA (the "County Contribution Credit Reserve") that can be used by the County to fund retirement program costs is $470.71 million as of June 30, 2010. The future use of these funds will not be affected by the 2009 Funding Policy and have never been included in the actuarial valuation of Retirement Fund assets.

With a strong cash position at the beginning of Fiscal Years 2007-08 and 2008-09, the County decided to prepay $400 million of its annual required contribution to LACERA. The payments were made in July of each year and served to reduce monthly transfers during the second half of the fiscal year. In Fiscal Year 2009-10, the County returned to its historical practice of making payments to LACERA for the required contribution on a monthly basis throughout the fiscal year.

STAR Program

The Supplemental Targeted Adjustment for Retirees program ("STAR Program") is a discretionary program that provides a supplemental cost-of-living increase from excess earnings to restore retirement allowances to 80% of the purchasing power held by retirees at the time of retirement. As of June 30, 2010, $614 million was available in the STAR Program Reserve to fund future benefits. Under the 2009 Funding Policy, the entire STAR Program Reserve was included in the Retirement Fund's valuation assets. However, there is no corresponding liability for any STAR Program benefits that may be granted in the future in the 2010 Actuarial Valuation. If the STAR Program Reserve was excluded from the valuation assets, the County's required contribution rate would increase by .52% to 16.83%, and the Funded Ratio would decrease by 1.4% to 81.9% in Fiscal Year 2011-12. At its October 12, 2011 meeting, the Board of Investments also decided to continue including the entire STAR Program Reserve as a valuation asset of the Retirement Fund. The exclusion of the STAR Program Reserve from the valuation assets would have required the County to increase its required contribution to LACERA by approximately $34 million in Fiscal Year 2012-13.

Pension Obligation Securities

In California, the obligation of the County to fund the UAAL by making actuarially required contributions is an obligation imposed by State Law. The County has previously issued pension obligation bonds and certificates and transferred the proceeds to LACERA to reduce its UAAL. In July 2010, the County deposited an advance payment in the amount of $372.13 million with the trustee for its 1994 Pension Obligation Certificates, representing the final payment of its outstanding pension obligations. The final payment to investors was made on June 30, 2011.

An eight-year history of the County's debt service payments on its pension obligations is also presented in Table 3 on page A-10.

Postemployment Health Care Benefits

LACERA administers a health care benefits program for retirees under an agreement with the County. The program includes medical, dental, vision and life insurance benefit plans for over 88,000 retirees or survivors and their eligible dependents. Retirement plan net assets are not held in trust for such postemployment benefits and LACERA's Board of Retirement reserves the right to amend or revise the medical plans and programs under the retiree health program at any time. County payments are calculated based on the employment service credit of retirees, survivors, and dependents. For eligible members with 10 years of service credit, the County pays 40% of the health care plan premium. For each year of service credit beyond 10 years, the County pays an additional 4% of the plan premium, up to a maximum of 100% for a member with 25 years of service credit.

For Fiscal Year 2007-08, total payments from the County to LACERA for retiree health care were $352.0 million, including a $9.0 million transfer from excess earnings. Total payments for Fiscal Years 2008-09, 2009-10, and 2010-11 were $365.7 million, $384.0 million, and $405.6 million, respectively. For Fiscal Year 2011-12, the County is estimating $424.9 million in payments to LACERA for retiree health care. Since Fiscal Year 2006-07, the County has discontinued its practice of using supplemental contributions from the County Contribution Credit Reserve with LACERA to fund its postemployment health care benefit obligations.

Financial Reporting for Other Postemployment Benefits

The Governmental Accounting Standards Board ("GASB") has issued two statements that address other postemployment benefits ("OPEB"), which are defined to include many post retirement benefits other than pension-related benefits. Health care and disability benefits are the most significant of these benefits provided by the County.

GASB Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans ("GASB 43"), established financial reporting standards for OPEBs in a manner similar to those currently in effect for pension benefits. GASB 43 is focused on the entity that administers such benefits (which, in the case of the County, is LACERA) and requires an actuarial valuation to determine the funded status of accrued benefits. LACERA has complied with GASB 43 requirements for all annual reporting periods beginning with the fiscal year ended June 30, 2008.

GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions ("GASB 45"), establishes financial reporting standards designed to measure, recognize, and disclose OPEB costs. GASB 45 is focused on the County's financial statements, and related note disclosures, and is intended to associate the costs of the OPEB with the periods in which employee services are rendered in exchange for the OPEB. Starting with the June 30, 2008 Comprehensive Annual Financial Report ("CAFR"), the County has implemented the requirements of GASB 45 in its financial reporting process.

The core requirement of GASB 45 is that an actuarial analysis must be prepared at least once every two-year period with respect to projected benefits ("Plan Liabilities"), which would be measured against the actuarially determined value of the related assets (the "Plan Assets"). To the extent that Plan Liabilities exceeded Plan Assets, the difference could be amortized over a period not to exceed 30 years. The method of financial reporting for OPEB costs would be similar to that used for pension plan normal costs and the UAAL thereof.

OPEB Actuarial Valuation

In order to comply with the requirements of GASB 43 and GASB 45, LACERA engaged Milliman to complete the initial actuarial valuation of OPEB liabilities for the LACERA plans as of July 1, 2006 (the "2006 OPEB Valuation"). In May 2007, Milliman presented the first actuarial calculation of the County's unfunded accrued liability for post retirement health care and life insurance benefits paid to its employees.

In the 2006 OPEB Valuation, Milliman provided a determination of the AAL for LACERA's health, dental, vision and life insurance benefits plan. The County's members comprise approximately 95% of LACERA's retiree population and the County is responsible for such percentage of OPEB costs. The 5% of LACERA retirees who do not contribute to the County's OPEB liability are predominantly members of the Los Angeles Superior Court. The demographic and economic assumptions in the 2006 OPEB Valuation were modeled on the assumptions used by LACERA for its pension program in Fiscal Year 2007-08, which assumed a 3.75% general wage increase for County employees and a 3.5% implied inflation rate. The healthcare cost assumptions in the 2006 OPEB Valuation were based on discussions with other consultants and actuaries used by the County, LACERA and labor groups.

The 2006 OPEB Valuation determined the AAL for LACERA's healthcare and life insurance benefits using a 5% discount rate and the Projected Unit Credit actuarial cost method. Using this methodology, the AAL for LACERA's OPEB program (including employees of the Los Angeles Superior Court) was $21.215 billion as of July 1, 2006, of which $20.301 billion was the County's share of the liability. The total annual required contribution for the County to fund its OPEB liability (referred to in GASB 45 as the "ARC") was estimated to be $1.55 billion as of July 1, 2006, which represented approximately 31.2% of the County's annual payroll costs.

The standards set forth under GASB 45 affect the County's financial statements. However, GASB 45 does not impose requirements on the funding of any OPEB liability and there is no mandatory payment associated with the implementation of this standard. GASB 45 provides that OPEB costs, if not funded on an actuarial accrual basis, will be recognized as a liability in the County's financial statements. Accordingly, for the Fiscal Year ended June 30, 2008, the County reported a total OPEB ARC of $1.615 billion, which also includes the unfunded liability for the County's long-term disability benefits. The total OPEB ARC, when reduced by the $381 million "pay-as-you-go" County contribution, resulted in an initial Net OPEB liability of $1.234 billion for retiree health care and long-term disability benefits as of June 30, 2008. The $381 million County contribution represented 23.6% of the OPEB ARC.

In accordance with the requirements of GASB 43, LACERA engaged Milliman to complete its second OPEB actuarial valuation as of July 1, 2008 (the "2008 OPEB Valuation"), which was issued in June 2009. In the 2008 OPEB Valuation, Milliman reported an AAL of $21.864 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability, $20.902 billion represented a 3% increase from the 2006 OPEB Valuation. The OPEB ARC as of July 1, 2008 was estimated to be $1.66 billion, which represents approximately 28% of the County's payroll costs, and a 7% increase from the 2006 OPEB Valuation.

The 2008 OPEB Valuation utilized the Projected Unit Credit actuarial cost method and a 5% discount rate. The increase in the OPEB AAL from 2006 to 2008 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, and claim cost experience gains, including lower than expected increases in health insurance premiums. However, as a result of an increase in the assumed total wage growth from 3.75% to 4% in 2008, the OPEB ARC as a percentage of annual payroll costs was reduced to 28% from 31% in 2006.

In accordance with the requirements of GASB 45, the County reported an OPEB ARC of $1.628 billion and a net increase in the OPEB liability $1.231 billion for the Fiscal Year ended June 30, 2009. With a $397 million "pay-as-you-go" contribution, the County funded 24.4% of its OPEB ARC, representing a slight increase from the 23.6% funding level in the previous Fiscal Year. As of June 30, 2009, the County reported an unfunded net OPEB obligation of $2.465 billion.

For the Fiscal Year ended June 30, 2010, the County reported an OPEB ARC of $1.75 billion and a net increase in the OPEB liability of $1.333 billion. The $417 million "pay-as-you-go" contribution equals 23.9% of the County's OPEB ARC, representing a slight decrease from the 24.4% funding level in Fiscal Year 2008-09. As of June 30, 2010, the County is reporting an unfunded Net OPEB obligation of $3.798 billion.

In March 2011, Milliman issued the third OPEB actuarial valuation as of July 1, 2010 (the "2010 OPEB Valuation"). In the 2010 OPEB Valuation, Milliman reported an AAL of $24.031 billion for LACERA's OPEB program (including employees of the Los Angeles Superior Court). The County's share of this liability is $22.94 billion, which represents a 9.8% increase from the 2008 OPEB Valuation. The OPEB ARC as of July 1, 2010 was estimated to be $1.86 billion, which represents approximately

29% of the County's payroll costs, and a 12% increase from the 2008 OPEB Valuation.

The 2010 OPEB Valuation continued to utilize the Projected Unit Credit actuarial cost method and a 5% discount rate. The economic and demographic assumptions used in the 2010 OPEB Valuation were derived from the retirement benefit assumptions from the 2010 Actuarial Valuation and the results of the 2010 OPEB Investigation of Experience. The increase in the OPEB AAL from 2008 to 2010 was caused by several offsetting factors, which include changes to retirement benefit assumptions, cost increases due to the passage of time, demographic changes, lower than expected payroll growth, and claim cost experience gains, including lower than expected increases in health insurance premiums as of July 1, 2010 and July 1, 2011.

Funding for Other Postemployment Benefits

The County is considering several funding options to reduce its OPEB AAL, including the establishment of a tax-exempt trust to pre-fund the County's OPEB liability. The authority to establish a tax-exempt trust is provided by California Government Code Sections 31694.3 and 31694.4. Under the provisions contained therein, the County will seek to create either a Section 115 Trust or an Integral Part Entity Trust. With each of these options, it is the intention of the County to contract with LACERA for the administrative and investment services related to the trust. Prior to the establishment of the trust, , the County must secure the support of its employee organizations , as required by Government Code Section 31694.4.

In Fiscal Year 2006-07, the Board of Supervisors gave its support to the development of a specific fiscal policy to pre-fund retiree health benefits. The County is planning to use the remaining $470.71 million of County Contribution Credit Reserve with LACERA to fund an initial deposit to an OPEB trust. In April 2010, the Board of Supervisors instructed the CEO to resume work with LACERA and the County labor unions to establish an OPEB trust fund and to take the necessary steps to fund the OPEB trust with the remaining balance in the County Contribution Credit Reserve. Beyond these measures, the County may also consider applying general fund revenues to supplement an initial trust fund deposit.

The County is also evaluating various cost-reduction options in relation to its retiree health benefits. For new hires to the County, certain potential changes include the following: 1) changing the benchmark health insurance; 2) requiring retirees to enroll in Medicare at age 65; 3) reducing dependent coverage; 4) reducing the annual County contribution; and 5) requiring employees to contribute up to 2.0% of their salaries towards retiree health. Furthermore, the County is also considering a requirement that both active employees and new hires enroll in Medicare at age 65. Under this scenario, the County would pay only the Medicare Part B premium for all future retirees. If this requirement were established for the County, it is estimated that the OPEB liability would be reduced by more than 22% over the next thirty years.

Long-Term Disability Benefits

In addition to its Retirement Plan, the County administers a Disability Benefits Plan ("DBP") that is separate from LACERA. The DBP covers employees who become disabled as a direct result of an injury or disease while performing assigned duties. Generally, the long term disability plans included in the DBP provide employees with a basic monthly benefit of between 40% and 60% of such employee's monthly compensation, commencing after 6 months of disability. The benefits under these plans normally terminate when the employee is no longer totally disabled or turns age 65, whichever occurs first. The health plans included in the DBP generally cover qualified employees who are sick or disabled and provide for the payment of a portion of the medical premiums for these individuals.

Following completion of the 2006 OPEB Valuation, the County engaged Buck Consultants to prepare an actuarial valuation of the long-term disability portion of its DBP. As of July 1, 2007, the AAL of the County's long-term DBP was $929.3 million. The County determined that this liability is an additional OPEB obligation and included the ARC for long-term DBP obligations as a component of the $1.615 billion OPEB ARC reported on the June 30, 2008 CAFR. As of July 1, 2009, the most recent actuarial valuation of the County's long-term DBP reported an AAL of $951.8 million, which represents a 2.4% increase from the previous valuation. In Fiscal Years 2007-08, 2008-09 and 2009-10, the County made $29 million, $32 million and $33 in DBP payments, respectively. The $951 million AAL for the County's long-term DBP is reported as a component of the $3.798 net OPEB obligation as of June 30, 2010. The annual "pay-as-you-go" DBP payments are accounted for as an offset to the County's OPEB obligation.

LITIGATION

The County is a party to numerous cases. The following are summaries of the most significant pending legal proceedings, as reported by the Office of the County Counsel. A further discussion of legal matters that directly affect the budget and the revenue generating powers of the County is provided in the Budgetary Information section of Appendix A.

Wage and Hour Cases

In 2007 and 2008, several collective action lawsuits were filed against the County by Deputy Sheriffs, the Association for Los Angeles Deputy Sheriffs ("ALADS") and the Los Angeles County Professional Peace Officers Association (the "PPOA"). In 2010, the County was able to successfully defeat the "class certification" in the PPOA lawsuit based on the recent decision from the Ninth Circuit in *Bamonte v. City of Mesa,* which held that the time police officers spend before and after their paid shifts donning and doffing their police uniforms and related protective gear is not compensable under the Federal Fair Labor Standards Act ("FLSA") as long as the officers have the option and ability to don and doff their uniform and gear off of the employer's premises. Following the Bamonte decision, both ALADS and PPOA have filed "class action grievances" under their respective Memorandums of Understanding against the County. These collective action lawsuits and grievances seek to recover compensation for overtime related to performing pre-shift and post-shift employment activities such preparing patrol cars, preparing reports, working through meal times and other such activities which occurred "off the clock." Taken together, there is the potential that the number of claimants to the collective actions may include as many as 9,000 public safety personnel. While the PPOA class action lawsuit will most likely settle for a nominal amount, the two remaining class actions and all the class grievances are still in the early litigation stages and extensive discovery must still occur.

Various lawsuits have been filed against the County alleging that certain classes of employees were not compensated for overtime worked in excess of forty hours per week, as required by the FLSA. These lawsuits seek overtime pay for a three-year period, liquidated damages (double damages), attorneys' fees and costs. In 2008, two lawsuits entitled *Ellerd v. County of Los*

Angeles and Ali v. County of Los Angeles were filed by 104 adult protective services social workers in the Department of Community and Senior Services and by 242 children's social workers in the Department of Children and Family Services. The plaintiffs in both suits allege that they worked extra unrecorded hours for which they should have been paid overtime at time and one-half. In *Ellerd v. County of Los Angeles*, the County's collective action decertification motion was granted on February 17, 2011. The 104 adult protective services social workers who were the plaintiffs must now decide whether to pursue their overtime pay litigation on an individual basis. In 2011, *Ali v. County of Los Angeles* was settled for a maximum amount of $2.5 million, if all 242 plaintiffs choose to participate. The period for plaintiffs to individually elect to settle will end in May 2011, unless it is extended.

Other Litigation

In 1999, a lawsuit entitled *Roger E. Bacon v. Alan T. Sasaki* was filed against the County challenging the Auditor-Controller's method of calculating interest on property tax refunds. A bench trial was held on January 9, 2006 regarding two test claims, and the trial court only partially sustained the Auditor-Controller's position. On August 11, 2009, the Board of Supervisors approved a settlement of the case. The trial court has preliminarily approved the proposed settlement, which provides for a total maximum payout amount, including all fees and costs, of $45 million. It is anticipated that a final fairness hearing prior to entry of final judgment will be held in June 2011. The County has reserved $35 million for the expected fees and costs to settle this lawsuit.

In March, 2008, a lawsuit entitled *Natural Resources Defense Counsel v. County of Los Angeles, et al.*, was filed against the County and the Los Angeles County Flood Control District (the "Flood Control District") under the citizen suit provision of the Federal Clean Water Act. The case was bifurcated to first determine liability, and if liability was found, then to determine the penalties and remedies. The trial judge has issued rulings on cross-motions for summary judgment that disposed of most of the liability issues. The County and the Flood Control District were found to have violated water quality standards at one location in Malibu. Part of the summary judgment granted to the County and Flood Control District was appealed to the Ninth Circuit, which upheld the trial court's ruling with the exception of deciding that the Flood Control District was liable for violations in two additional watersheds. If the Court does not correct what the Flood Control District believes to be a judgment based on a factual error, the Flood Control District may be liable for these additional watersheds. If the Ninth Circuit does not correct this error, it is likely the Flood Control District will seek review in the U.S. Supreme Court. The plaintiffs will be entitled to attorneys fees and costs to the extent they prevail on the liability issues. The cost of the injunctive relief sought has yet to be determined, in the event that such relief is ordered. In March 2009, the County and Flood Control District filed administrative claims under the Government Tort Claims Act against 64 cities and public entities for equitable indemnity and contribution. If the only liability found is for the Malibu site, the complaint for indemnity against those entities will be dismissed. No trial dates have been set in either the federal action or the state lawsuit.

In 2008, in *Los Angeles Unified School District v. County of Los Angeles, et. al.*, the school district alleged that the Auditor-Controller improperly calculated statutory payments due to LAUSD under redevelopment law. The Court of Appeal reversed a trial court decision in favor of the County, and the County's Petition for Review was denied by the California Supreme Court. The County's actual liability is still undergoing review, but is expected to be in the range of $24 to $38 million.

In 2008, the City of Alhambra, along with 46 other plaintiff cities, filed a *Petition for Writ of Mandate* against the County alleging that the County and its Auditor-Controller deducted excessive administrative fees from the property tax allocations of the 88 incorporated cities within Los Angeles County. In June 2009, a judgment denying the writ was entered in favor of the County. The plaintiffs filed a notice of appeal in August 2009, and in July 2010, the Court of Appeal reversed the trial court ruling. In October 2010, the County's Petition for Review with the California Supreme Court was granted. The case has been fully briefed and is awaiting a hearing date.

In 1997, the County sued insurance companies to obtain policy benefits arising out of damage to the County's buildings caused by the Northridge Earthquake. At trial, the County failed to realize a net recovery and the insurers were awarded $5.9 million, plus interest, in litigation costs and fees. Both the County and the insurer appealed the decision. The Court of Appeal ruled against the County on all grounds. The County filed a petition to the California Supreme Court to contest the award of litigation costs. In July 2011, the California Supreme Court denied the County's petition for review. The County paid the defendant insurers the judgment amount of $7.96 million, inclusive of accrued post-judgment interest and appellate costs from reserves that were previously set-aside to cover any potential liability related to this case.

In November 2010, the County was named, along with various State entities and three local school districts, as a defendant in a class action lawsuit brought in federal district court by a number of non-profit legal advocacy groups on behalf special education students. The suit alleged that defendants were denying these students their federal right to a free and appropriate public education. The suit followed the Governor's October 8, 2010 veto of $133 million in funding appropriated by the Legislature for State mandated educationally related mental health services, commonly known as AB 3632 services. The County took the position that the State's failure to fund these services operated to suspend the mandate on counties to provide them; and further, as a consequence of federal law, responsibility to pay for or provide these services rested with the school districts. To this end, the County engaged in efforts with numerous local school districts to enter into MOUs related to the continuing provision of these services. Under the terms of the MOUs, the school districts agree to reimburse the County for continuing to provide mental health services, with the County agreeing to repay the districts if a binding legal decision determines that the mandate is not suspended.

In addition, the County, along with a number of other counties, filed an action against the State in Sacramento Superior Court seeking a judgment to declare declaring that the counties are relieved from this service mandate. On February 25, 2011, in a third legal action stemming from the Governor's veto, the Court of Appeal published an opinion concluding that the Governor properly exercised his veto authority and that it had the legal effect of suspending operation of the AB 3632 mandate. This finding permits the County to seek compensation from the districts for continuing to provide mental health services. Thereafter, the County settled the federal lawsuit, and the suit was dismissed. On March 25, 2011, the Sacramento Superior Court provided the counties with declaratory relief, finding that the counties were relieved from the AB 3632 mandate. Nonetheless, a handful of school districts have asserted the position that the County remains fiscally responsible for these services.

Subsequently, the California Legislature enacted legislation clarifying that counties no longer have a mandate to provide educationally related mental health services and that this mandate belongs to local school districts. The County is in the process of transferring these services to the local districts. The districts also will have the option of continuing to obtain the services from the County, and to pay for them under negotiated MOUs.

Pending Litigation

There are a number of other lawsuits and claims pending against the County. Included in these are a number of property damage, personal injury and wrongful death actions seeking damages in excess of the County's insurance limits. In the opinion of the County Counsel, such suits and claims as are presently pending will not impair the ability of the County to make debt service payments or otherwise meet its outstanding lease or debt service obligations.

TABLE 1: RETIREMENT PLAN UAAL AND FUNDED RATIO
(in thousands)

Actuarial Valuation Date	Market Value of Plan Assets	Actuarial Value of Plan Assets	Actuarial Accrued Liability	UAAL	Funded Ratio
06/30/2005	$32,026,105	$29,497,485	$34,375,949	$4,878,464	85.81%
06/30/2006	35,185,589	32,819,725	36,258,929	3,439,204	90.51%
06/30/2007	40,908,106	37,041,832	39,502,456	2,460,624	93.77%
06/30/2008	38,724,671	39,662,361	41,975,631	2,313,270	94.49%
06/30/2009	30,498,981	39,541,865	44,468,636	4,926,771	88.92%
06/30/2010	33,433,888	38,839,392	46,646,838	7,807,446	83.26%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010.

TABLE 2: INVESTMENT RETURN ON RETIREMENT PLAN ASSETS
(in thousands)

Fiscal Year	Market Value of Plan Assets	Market Rate of Return
2004-2005	$32,026,105	11.0%
2005-2006	35,185,589	13.0%
2006-2007	40,908,106	19.1%
2007-2008	38,724,671	-1.5%
2008-2009	30,498,981	-18.3%
2009-2010	33,433,888	11.6%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010.

TABLE 3: COUNTY PENSION RELATED PAYMENTS
(in thousands)

Fiscal Year	Cash Payment to LACERA	Transfer From Excess Earnings	Pension Bonds Debt Service	Total Pension Related Payments	Percent Change Year to Year
2004-05	$527,810	$222,542	$336,329	$1,086,681	-
2005-06	676,667	179,368	356,883	1,212,918	11.6%
2006-07	751,851	111,775	381,235	1,244,861	2.6%
2007-08	827,789	-	381,603	1,209,392	-2.8%
2008-09	805,300	-	320,339	1,125,639	-6.9%
2009-10	802,500	-	358,165	1,160,665	3.1%
2010-11	898,803	-	372,130	1,270,933	9.5%
2011-12	1,020,530 *	-	-	1,020,530	-19.7%

Source: Milliman Actuarial Valuation (of LACERA) for June 30, 2010 and County of Los Angeles Chief Executive Office.

* Estimated

BUDGETARY INFORMATION

COUNTY BUDGET PROCESS

The County is required by California State Law to adopt a balanced budget by October 2nd of each year. Upon release of the Governor's Proposed State Budget in January, the CEO of the County prepares a preliminary forecast of the County budget based on the current year budget, the Governor's budget, and other projected revenue and expenditure trends. Expanding on this forecast, a target County budget for the ensuing fiscal year, beginning July 1st, is developed, and projected resources are tentatively allocated to the various County programs and services.

The CEO normally presents the Recommended County Budget to the Board of Supervisors in April. The Board of Supervisors is required by County Code to adopt a Recommended Budget no later than June 30th. If a Final County Budget is not adopted by June 30th, the appropriations approved in the Recommended Budget, with certain exceptions, become effective for the new fiscal year until the final budget is approved.

The CEO generally recommends revisions to the County Budget after adoption of the final State budget to align County expenditures with approved State funding. After conducting public hearings and deliberating on the details of the budget, the Board of Supervisors adopts the Final County Budget by August 1st.

Throughout the balance of the fiscal year, the Board of Supervisors approves various adjustments to the Final County Budget to reflect changes in appropriation requirements and funding levels. The annual revenues from the State and Federal governments are generally allocated pursuant to formulas specified in State and Federal statutes. For budgetary or other reasons, such statutes are often subject to change which may affect the level of County revenues and budgetary appropriations.

COUNTY BUDGET OVERVIEW

The County Budget is comprised of seven fund groups through which the County's resources are allocated and controlled. These groups include the General and Hospital Enterprise (which represents the General County Budget), Special, Special District, Other Enterprise, Other Proprietary, and Other Funds.

The General County Budget accounts for approximately 76.0% of the 2011-12 Final Adopted Budget and funds programs that are provided on a mostly county-wide basis (e.g., health care, welfare, and detention facilities), municipal services to the unincorporated areas not otherwise included in a special district, and certain municipal services to various cities on a contract fee-for-service basis (e.g., law enforcement, planning and engineering).

Special Funds represent approximately 12.0% of the 2011-12 Final Adopted Budget, and are used to account for the allocation of revenues that are restricted to defined purposes, such as public library operations, courthouse construction programs and operations, and specific automation projects.

Special District Funds account for approximately 8.6% of the 2011-12 Final Adopted Budget and are separate legal entities funded by specific taxes and assessments. These districts provide public improvements and/or services benefiting targeted properties and residents. Special Districts are governed by the Board of Supervisors and include, among others, Flood Control, Garbage Disposal, Sewer Maintenance and Regional Park and Open Space Districts. The remaining fund groups, Other Enterprise, Other Proprietary and Other Funds account for 3.4% of the 2011-12 Final Adopted Budget.

CONSTITUTIONAL PROVISIONS AFFECTING TAXES AND APPROPRIATIONS

Proposition 13

Article XIIIA of the California Constitution limits the taxing powers of California public agencies. Article XIIIA provides that the maximum ad valorem tax on real property cannot exceed 1% of the "full cash value" of the property, and effectively prohibits the levying of any other ad valorem property tax except for taxes required to pay debt service on voter-approved general obligation bonds. "Full cash value" is defined as "the County Assessor's valuation of real property as shown on the 1975-76 tax bill under 'full cash value' or, thereafter, the appraised value of real property when purchased, newly constructed, or a change in ownership has occurred after the 1975 assessment."

The "full cash value" is subject to annual adjustment to reflect inflation at a rate not to exceed 2%, or a reduction as shown in the consumer price index (or comparable local data), or a decline in property value caused by damage, destruction or other factors. The foregoing limitation does not apply to ad valorem taxes or special assessments to pay the interest and redemption charges on certain types of indebtedness approved by the voters.

Article XIIIB of the California Constitution limits the amount of appropriations of local governments for "proceeds of taxes." The County's appropriation limit for "proceeds of taxes" for 2011-12 is $16,707,944,966. The 2011-12 Final Adopted Budget includes proceeds from taxes of $6,376,512,000, which is well below the allowable limit.

Proposition 62

Proposition 62, a 1986 initiative that amended the California Constitution, requires voter approval of all new taxes or any increases to local taxes. A challenge to taxes subject to Proposition 62 may only be made for those taxes collected beginning one year before a claim is filed. Such a claim is a necessary prerequisite to the filing of a lawsuit against a public entity in California.

In February 2005 a claim was filed, and it was followed in May 2005 by a lawsuit entitled *Oronoz v County of Los Angeles* that contends the County's Utility User Tax ("UUT") did not meet the requirements of Proposition 62 and is therefore invalid. In November 2006, the trial court certified the case as a class action. In July 2008, the parties agreed to a tentative settlement of the case, which was finally approved by the court in

March 2009. The settlement, which is currently in the process of being implemented, calls for a total expenditure by the County of $75 million to be used for tax refunds to class members and enhanced services within the areas of the County from which the tax was collected. Claim processing is expected to be finalized in the summer of 2011. At the outset of this lawsuit, the County established a separate reserve account to fund any liabilities resulting from the litigation, with the reserve more than sufficient to fully fund the entire $75 million settlement. The claim processing for the settlement is now completed and all refunds have been issued. In November 2008, the County's utility user tax was approved by the voters in conformity with Proposition 62. Plaintiffs have filed a motion alleging that the 2008 election was improperly conducted.

On August 11, 2009, a lawsuit, *Patrick Owens and Patricia Munoz v. County of Los Angeles* was filed in Los Angeles Superior Court, challenging the imposition of the County's UUT after its passage at the election held on November 4, 2008. The complaint alleges that the impartial analysis prepared by County Counsel failed to inform the voters that: 1) the material provisions of the prior UUT were being rescinded regardless of the outcome of the election; and 2) it was not a "continuation" of an existing tax, but rather was the enactment of a completely new UUT. The County filed a demurrer and motion to strike plaintiffs' complaint on October 16, 2009. A hearing was held on April 15, 2010 in which the Court denied the County's demurrer in light of the early phase of the litigation process. The County then filed a motion on November 12, 2010 to dispose of the issues challenging the legality of the election. A hearing was held on February 16, 2011 in which the Court denied the County's motion as the plaintiff's raised a constitutional question, which the Court determined must be ruled on together with the election issue. The case has proceeded with the discovery phase and it is anticipated that the matter will be set for a bench trial to take place in the Spring of 2012. Issues regarding a potential class certification will be deferred until after the trial. Since the November 4, 2008 election, the County estimates that $163 million in UUT revenue has been collected and continues to be collected at an average rate of $5 million per month.

On March 4, 2011, a new lawsuit filed as a class action alleges that the County's 2% increase to the Transient Occupancy Tax ("TOT") violated Proposition 62 by not receiving voter approval. The County demurred to the complaint on all theories on October 12, 2011. The court sustained the County's demurrer as to all theories except for one. The Court ruled that the alleged Proposition 62 violation survived demurrer and could proceed on a class basis. The County anticipates that it will defend the action on the grounds that a class claim in this matter is barred from local ordinance, and that the increase in the TOT does not impose a new tax subject to Proposition 62.

Proposition 218

Proposition 218, a 1996 initiative that added Articles XIIIC and XIIID to the California Constitution, established the following requirements on all taxes and property-related assessments, fees, and charges:

- precluded special purpose districts or agencies, including school districts, from levying general taxes;

- precluded any local government from imposing, extending or increasing any general tax unless such tax is approved by a majority of the electorate;

- precluded any local government from imposing, extending or increasing any special purpose tax unless such tax is approved by two-thirds of the electorate; and

- ensured that voters may reduce or repeal local taxes, assessments, or fees through the initiative process.

An appellate court decision determined that Proposition 218 did not supersede Proposition 62. Consequently, voter approval alone may not be sufficient to validate the imposition of general taxes adopted, increased or extended after January 1, 1995.

Proposition 218 also expressly extends to voters the power to reduce or repeal local taxes, assessments, fees, and charges through the initiative process, regardless of the date such taxes, assessments, fees or charges were imposed. SB 919, the Proposition Omnibus Implementation Act enacted in 1997 to prescribe specific procedures and parameters for local jurisdictions in complying with Proposition 218, states that the initiative power provided for in Proposition 218 "shall not be construed to mean that any owner or beneficial owner of a municipal security, purchased before or after November 6, 1998, assumes the risk of, or in any way consents to, any action by initiative measure that constitutes an impairment of contractual rights" protected by the United States Constitution.

In the 2006 case of *Bighorn-Desert View Water Agency v. Virjil (Kelley)*, the State Supreme Court suggested that the initiative power under Proposition 218 is not free of all limitations, and could be subject to restrictions imposed by the contract clause of the United States Constitution. No assurance can be given, however, that voters in the County will not, in the future, approve an initiative that reduces or repeals local taxes, assessments, fees or charges that are deposited into the County's General Fund. In addition, "fees" and "charges" are not defined by Article XIIIC or SB 919, and the scope of the initiative power under Article XIIIC could include all sources of General Fund revenue not received from or imposed by the Federal or State government or derived from investment income.

Proposition 1A 2004

Proposition 1A 2004, approved by the voters in November 2004, amended the State Constitution by limiting the State's authority to reduce local sales tax rates or alter their method of allocation, shift property tax revenues from local governments to schools or community college districts, or decrease VLF revenues without providing replacement funding. Proposition 1A 2004 further amended the State Constitution by requiring the State to suspend State laws that create unfunded mandates in any year that the State does not fully reimburse local governments for their costs to comply with such mandates. Pursuant to Proposition 1A 2004, the State can no longer reallocate local property tax revenues without triggering a constitutional obligation to repay the local taxing agencies within three years, and is further prohibited from a reallocation of local property tax revenues on more than two occasions within a ten-year period.

Proposition 1A Securitization

In July 2009, the State adopted legislation pursuant to the requirements of Proposition 1A that authorized the State to borrow eight percent of the property tax revenues apportioned to cities, counties, special districts and affiliated public agencies. The State is required to repay the property tax revenue by June 30, 2013. Under the terms of the borrowing, the California Statewide Communities Development Authority was authorized to issue bonds that were secured by the State's obligation to repay the property tax revenue to the affected public agencies (the "Proposition 1A Securitization"). The participating local governments and affiliated agencies received their share of the borrowed property tax apportionment in a timely manner from the bond proceeds. All of the costs related to the Proposition 1A Securitization, including interest costs were paid by the State.

The total exposure to the County and all of its affiliated public agencies from the eight percent loss in property tax revenue was $365.6 million. The County, the Consolidated Fire Protection District and the Flood Control District participated in the Proposition 1A Securitization, accounting for $363.3 million or 99.37% of the County's total property tax revenue borrowed by the State. The County and its affiliated districts received their $363.3 million share of the bond proceeds in two installments, with fifty percent paid on January 15, 2010 and the balance remitted on May 3, 2010. The remaining 37 dependant districts and public agencies in the County, which account for less than 1% or $2.3 million of the lost property tax revenue, will be paid in full by the State on June 30, 2013.

Proposition 26

On November 2, 2010, voters approved Proposition 26, which amended the State Constitution to expand the definition of a tax so that certain fees and charges imposed by the State and local governments will now be subject to approval by two thirds of each house of the State Legislature or approval by local voters, as applicable. Proposition 26 requires a two-thirds approval by each house of the State Legislature to enact new laws that increase taxes on any taxpayer, and repeals recent State laws that are in conflict with the measure, unless they are approved again by two-thirds of each house of the State Legislature. The State Legislative Analyst's Office asserts that Proposition 26 will make it more difficult for State and local governments to pass new laws that raise revenues and could reduce government revenues and spending statewide by billions of dollars annually.

In terms of its direct fiscal impact on the County, Proposition 26 is likely to result in the loss of approximately $61 million in annual State tax revenue to County road districts, which are separate legal entities responsible for the operation and maintenance of streets and roads in the unincorporated areas of the County. Since the County is unlikely to backfill any reduction in State revenue to the road districts, there is no projected fiscal impact to the County General Fund. Additional effects of Proposition 26 on the future financial condition of the County are unknown at this time.

Future Initiatives

Propositions 13, 62, 218, 1A 2004 and 26 were each adopted as measures that qualified for the ballot pursuant to the State's initiative process. From time to time, other initiative measures could be adopted, further affecting County revenues or the County's ability to expend revenues.

FEDERAL AND STATE FUNDING

A significant portion of the County budget is comprised of revenues received from the federal and State governments. As indicated in the table "Historical Funding Requirements and Revenue Sources" on page A-21 of this Appendix A, $4.5 billion of the $18.0 billion 2011-12 Recommended General County Budget is received from the Federal government and $4.6 billion is funded by the State. The remaining $8.9 billion of County revenues are generated from property taxes and a variety of other sources. The fact that 51% of General County funding is provided by the State and Federal governments underscores the County's significant reliance on outside funding sources.

Federal Budget Update

On August 2, 2011, the Budget Control Act (BCA) of 2011, which increased the Federal debt limit and included provisions aimed at reducing the Federal deficit by at least $2.1 trillion over the next 10 years, was signed into law. The BCA established annual discretionary spending caps for Federal Fiscal Years (FFY) 2012 through 2021, which would reduce the deficit by an estimated $917 billion, and also established a Joint Select Committee on Deficit Reduction (the "Joint Committee"), which will be responsible for drafting legislation to reduce the deficit by at least $1.2 trillion over 10 years. If the $1.2 trillion in deficit reduction legislation is not enacted, annual across-the-board budget reductions, divided equally between defense and non-defense spending, would be triggered beginning in FFY 2013 and spread evenly over nine years through FFY 2021.

The fiscal impacts to the County from the BCA and any future Federal deficit reduction measures are unknown at this time, and will ultimately depend on the process and composition of any deficit reduction initiatives. If the Joint Committee is unable to achieve the $1.2 trillion in budgetary savings through new legislation, the impact on Net County Cost (NCC) would be minimal. The County receives most of its Federal revenue to fund low-income entitlement programs, such as Medicaid, Title IV-E Foster Care and Adoption Assistance, and Temporary Assistance for Needy Families, and such programs are exempt from across-the-board budget cuts. Furthermore, Federal discretionary programs generally do not fund services that, otherwise, would have to be financed by County-generated revenues.

State Budget Process

Recent State budgets have reflected the State's efforts to stabilize its fiscal position in response to the challenging and uncertain economic environment. Over the past twenty years, the State budget has experienced broad fluctuations as the State responded to the economic recession of the early 1990's, the economic recovery later in that decade, the 2001 recession and recovery, and the current economic downturn. The State's budgetary decisions during the current economic downturn will have a significant financial and programmatic impact on counties, cities, and other local jurisdictions.

Fiscal Year 1991-92 Realignment Program

In Fiscal Year (FY) 1991-92, the State and county governments collectively developed a program realignment system (the

"1991-92 Realignment Program") that removed State funding for certain health and welfare programs, and provided counties with additional flexibility in the administration of such programs. Under the 1991-92 Realignment Program, certain health and welfare services are funded by a 0.5% increase in sales taxes and increased vehicle license fees. Since counties receive their share of the funding for health and welfare programs under a fixed formula prescribed by State law, the flow of funds is no longer subject to the State budget process. If sales tax and vehicle license fee revenues are not realized as expected, county governments will still maintain responsibility for the management and cost of such programs.

Property Tax Shift

In response to the 1993-94 recession, the State shifted $2.1 billion in property taxes from counties and $500 million from cities, special districts and redevelopment agencies to school and community college districts. This action reduced the County's primary source of discretionary revenue. The reduction in State funding has been partially offset by revenues from the County's share of the Proposition 172 one-half cent public safety sales tax. The Proposition 172 public safety tax, which was approved in 1993, was the State's response to help lessen the impact of the shift in property tax revenue to education.

2011-12 STATE BUDGET

On January 10, 2011, Governor Brown released his 2011-12 Proposed Budget (the "Proposed State Budget"), which projected an estimated $8.2 billion budget deficit for FY 2010-11 and a $17.2 billion budget deficit in FY 2011-12 absent corrective action.

The Proposed State Budget included proposals to (i) reduce expenditures by approximately $12.5 billion; (ii) generate an additional $3.0 billion in revenues for FY 2010-11 and $12.0 billion in revenues for FY 2011-12 by extending certain temporary tax increases, subject to voter approval, and shifting funding and responsibility for certain services to local governments; and (iii) to borrow $1.9 billion from special funds and other sources. The Proposed State Budget estimated a carryover FY 2010-11 budget deficit of $4.1 billion, projected State General Fund revenues and transfers for FY 2011-12 of $89.7 billion (a decrease of approximately 4.8 percent from the projected revenues and transfers in FY 2010-11) and State General Fund expenditures of $84.6 billion (a decrease of approximately 8.2 percent from the projected expenditures in FY 2010-11), and a deposit to the Reserve for Economic Uncertainties of approximately $1 billion.

Approximately $12 billion of the additional revenue included in the Proposed State Budget was dependent upon voter approval at a June 2011 special election of a constitutional measure to extend certain temporary tax increases for sales tax, personal income tax and the Vehicle License Fee ("VLF") for an additional five-year period. The Governor proposed that revenue from the sales tax and the VLF be transferred directly to local governments to finance the first phase of a major realignment plan. The Governor was unable to generate the required two-thirds support to authorize a June 2011 ballot initiative.

The Proposed State Budget included a plan to realign government services (the "Realignment Plan"), which transfers the authority and funding responsibility for certain State programs to counties, cities, special districts and school districts. The first phase of the Realignment Plan was expected to restructure over $5.9 billion in public services in FY 2011-12, including a realignment of specific public safety, fire protection and mental health service programs; and a transfer of the funding responsibility for court security, low-level and juvenile offender and adult parole programs to the counties. The Proposed State Budget also included a plan to eliminate redevelopment agencies effective July 1, 2011, remove the State's financial commitment to such programs, and to provide for new local authority to allocate resources to local projects. The Governor estimated that, after payment of redevelopment agency debts and contractual obligations, $3 billion in tax increments would be available for statutory pass-through payments to local governments.

In March 2011, the Legislature passed the Governor's proposed package of bills that authorized $13.4 billion in budgetary solutions, including an estimated $10.0 billion in expenditure reductions, increased revenues of $500 million and $2.9 billion of other budgetary solutions. Health and human service programs incurred the largest share of the budget cuts ($5.5 billion), with significant expenditure reductions to Medi-Cal, CalWORKS, Proposition 10 health services, Proposition 63 mental health services, developmental services and the In-home Support Services (IHSS) program.

On May 16, 2011, Governor Brown released his May revision to the Proposed State Budget (the "May Revision"). After accounting for budgetary actions adopted by the State Legislature, higher than expected tax revenues and updated expenditure projections, the May Revision projected a significantly lower budget deficit of $9.6 billion through FY 2011-12, consisting of a $4.8 billion deficit for FY 2010-11 and a $4.8 billion deficit for FY 2011-12. The May Revision proposed a $1.2 billion reserve, which would require an estimated $10.8 billion of additional solutions to balance the State budget through June 30, 2012.

The May Revision estimated that the State would end FY 2010-11 with revenues and transfers of $95.740 billion, total expenditures of $91.566 billion and a year-end deficit of $2.776 billion, which includes a $6.950 billion State General Fund deficit from FY 2009-10. The May Revision projected FY 2011-12 revenues and transfers of $93.623 billion, total expenditures of $88.803 billion and a year-end surplus of $2.044 billion (net of the $2.776 billion deficit from FY 2010-11), of which $770 million would be reserved for the liquidation of encumbrances and $1.274 billion will be deposited in a reserve for economic uncertainties.

The May Revision emphasized the need for the State Legislature to authorize a ballot measure for California voters to consider the continuation of temporary tax extensions, fund a modified Realignment Plan for the delivery of government services, and to provide increased funding for K-12 Education consistent with Proposition 98 requirements. The Governor's proposal to eliminate redevelopment agencies as of July 1, 2011 was unchanged in the May Revision.

The May Revision proposed a revised ballot initiative for voters to consider a constitutional amendment to extend the temporary increases for the sales tax and the VLF for a five-year period commencing in FY 2011-12 and a reinstatement of the increase in the personal income tax for the 2012 through 2015 tax years. The revised ballot initiative proposal did not include an extension of the personal income tax for the 2011 tax year, and did not provide a specific timeframe for voters to consider the ballot proposition.

The May Revision included a modified Realignment Plan, in which the State would shift $5.6 billion in program responsibilities to the counties in FY 2011-12, compared to the $5.9 billion outlined in the Proposed State Budget. The modified Realignment Plan would be funded for a five-year period from the proposed extension of the sales tax increase and the increase in the VLF. After the five-year extension period, the State would resume responsibility for providing funding to the counties in an amount equal to the increased revenue from the sales tax and VLF extensions.

On June 30, 2011, the Governor signed the FY 2011-12 State Budget Act (the "State Budget Act"). After accounting for budgetary actions adopted by the State Legislature, higher than expected revenues and updated expenditure projections, the FY 2011-12 State Budget estimates revenues and transfers of $88.456 billion, total expenditures of $85.937 billion and a year-end surplus of $1.313 billion (net of the negative $1.206 billion prior-year State General Fund balance). The FY 2011-12 State Budget allocates the projected surplus to the reserve for the liquidation of encumbrances ($770 million) and the special fund for economic uncertainties ($543 million).

The financial impact to the County from the State Budget Act is an estimated funding reduction of $363.3 million in FY 2011-12. The major elements of the cuts would reduce Medi-Cal, redirect Mental Health Services Act Funds, reduce CalWORKS grants and provide program reductions to the IHSS. Although the financial impact was estimated at $363.3 million, the 2011-12 Final Adopted County Budget (the "2011-12 Final Adopted Budget") included funding reductions of only $141.5 million. This difference is primarily related to the redirection of Mental Health Services Act funding that would have been available to the County for Proposition 63 mental health services but had not yet been programmed into the County budget.

If the State's Director of Finance estimates that the State's revenues for FY 2011-12 will be less than $87,452,500,000, but will be at least $86,452,500,000, the State Budget Act authorizes approximately $601.0 million in funding reductions in the areas of higher education, health and human services and public safety, beginning in January 2012. If the State's Director of Finance estimates that revenues for FY 2011-12 will be less than $86,452,500,000, the FY 2011-12 State Budget authorizes an additional $1.86 billion in education reductions. The State's Director of Finance will make a determination whether the State's revenues meet or exceed such levels by December 15, 2011.

The State funding reductions would be implemented in three tiers, with the majority of the cuts impacting K-12 education, community colleges and higher education. The following table provides an estimate of the potential budgetary effect on County programs if Tier I budget cuts are enacted. Any Tier 2 or Tier 3 State budget cuts, if enacted, are not expected to have an impact on the County budget.

Program Description	Budget Cost/(Savings)
Medi-Cal Managed Care Plan	$1.0 million
IHSS Anti-Fraud Initiatives	(1.5) million
Reduction to IHSS Service Hours	(20.1) million
Youthful Offenders Placements	20.0 million
Vertical Prosecution Grants	0.7 million
Public Library Grants	0.3 million
Overall Estimated Impact	**$0.4 million**

The Governor and the State Legislature also approved Assembly Bills 109 and 117 related to the Realignment Plan ("Public Safety Realignment"), which transferred responsibility for supervising specific low-level inmates and parolees, from the California Department of Corrections and Rehabilitation (CDCR) to counties. The State Budget Act provides $5.5 billion to fund Public Safety Realignment and is financed by redirecting 1.06% of the existing State sales tax ($5.1 billion) and a portion of Vehicle License Fee (VLF) revenues ($453.0 million) from the State to counties. The Public Safety Realignment legislation provides $500.0 million of funding for local public safety programs previously funded by the additional 0.15% increase to the VLF that expired on June 30, 2011. Although the State budget plan does not provide constitutional funding protections to counties for the Public Safety Realignment, the Governor has proposed a November 2012 ballot initiative to seek voter approval for a constitutional amendment to provide such funding protection.

On August 30, 2011, the County adopted the Los Angeles County Public Safety Realignment Implementation Plan, and on October 11, 2011 approved a budget and staffing plan from October to December 2011, which added 497 budget positions and increased both the revenue and appropriation by $33.7 million. Until constitutional funding protection is established by the State for Public Safety Realignment, all required staff will be hired either as temporary monthly employees or existing departmental staff will be offered temporary promotions pursuant to County Code. The County has decided to develop and approve the Public Safety Realignment budget on a quarterly basis to better implement and manage this transfer of responsibilities from the State.

As a result of the current economic conditions and the continuing fiscal crisis in California, the financial condition of the State remains highly uncertain. Many future events will affect the amount of funding that is actually received by the County from the State and Federal governments. As a result, the information in this Official Statement (including this Appendix A) relating to State and Federal funding is based upon the County's current expectations and is subject to change due to the occurrence of future events.

RECENT COUNTY BUDGETS

Recent General County Budgets have reflected a conservative approach and have sought to maintain a stable budgetary outlook in an uncertain fiscal environment. County budgets have improved stability due to the passage of Proposition 1A 2004, which secured long-term financial protection from a State reallocation of property tax revenues during times of State fiscal crisis. Proposition 1A 2004 provides the County with a more reliable funding source by substituting VLF revenue with property taxes, which have historically been one of the least volatile sources of revenue.

The reliability of property tax revenues is due in large part to Proposition 13, which helps to insulate the County from the cyclical nature of the real estate market. Proposition 13 limits the growth of assessed valuations and allows for reassessments when a property is sold or when new construction occurs. Assessed valuation can also be adjusted for inflation or deflation. As a result of Proposition 13, there is a significant amount of "stored" home value appreciation that has not been reflected on the property tax rolls and has helped to offset a significant decrease in property values during the current economic downturn. To illustrate this point, average median home prices in the County declined by 45% from their peak in August 2007 ($562,346) to a cyclical low in January 2011 ($308,173), but the value of the property tax roll (the "Net Local Roll") decreased by only 0.5% and 1.9% in FY 2009-10 and 2010-11, respectively. In the FY 2010-11 tax roll, the County Assessor estimates that approximately 14.6% of all residential parcels and 17.5% of commercial-industrial parcels are 1975 base-year parcels, indicating a significant amount of stored value that can be realized on future tax rolls when these parcels are sold.

In FY 2011-12, the Assessor is reporting an increase in the Net Local Roll of 1.36% or $14.153 billion from the previous fiscal year. The largest factors contributing to the increase in assessed valuation in FY 2011-12 are transfers in ownership ($12.8 billion), new construction ($3.9 billion) and an increase in the consumer price index ($6.1 billion). These increases are partially offset by the reassessment of properties under Proposition 8, a constitutional amendment that allows a temporary reduction in assessed value when a property suffers a decline in value. Decline in value adjustments contributed $4.9 billion in reductions to the projected Net Local Roll in FY 2011-12.

A significant factor contributing to the decline in value adjustments is the County Assessor's decision to initiate Proposition 8 reviews of all homes sold between July 2003 and June 2009. Since the Assessor initiated the Proposition 8 review process in 2008, the Net Local Roll for FY 2011-12 reflects the cumulative impact of $84.7 billion of decline in value adjustments since FY 2008-09. With the Assessor's proactive approach to Proposition 8 reviews, the assessed value of properties sold during the height of the real estate market were adjusted downward to reflect current market values, which will help insulate the County from future reductions in the Net Local Roll if these properties are re-sold at lower market values.

The economic downturn has had a significant impact on recent County budgets, and has resulted in net County cost ("NCC") budget gaps beginning in FY 2009-10. NCC is the portion of the County's budget that is financed with County discretionary funding (also known as locally generated revenues). In order to manage the budget gaps, the County has used a balanced approach of curtailing departmental budgets, achieving savings through efficiencies, and using reserves and capital funding appropriations to achieve a balanced budget. If the County had relied solely on curtailments, the impact to County services and its residents would have been much more severe and most likely would have resulted in the reduction of critical services and the layoff of large numbers of County employees. The County believes that the effects of the economic downturn on the County budget (declines in revenues and increases in assistance caseloads) are a cyclical consequence of the recession. Since revenues and caseload will not return to pre-recessionary levels in the short-term, the County has implemented structural changes to the budget through departmental curtailments of approximately $360.5 million over the last four years. The measured approach to managing budgetary challenges, including the use of one-time funding sources, has enabled the County to more strategically achieve a balanced budget and maintain critical core services.

2009-10 FINAL ADOPTED COUNTY BUDGET

The 2009-10 Final Adopted County Budget (the "2009-10 Final Adopted Budget"), which was approved by the Board of Supervisors on September 22, 2009, appropriated $23.6 billion, representing a 1.7% increase from the previous fiscal year. For General County purposes (General Fund and Hospital Enterprise Funds), the 2009-10 Final Adopted Budget appropriated $18.5 billion, which represented a 1.8% increase from the 2008-09 Final Adopted Budget. The 2009-10 Final Adopted Budget included a net decrease of 1,345 budgeted positions from the previous fiscal year.

The 2009-10 Final Adopted Budget contained a NCC budget gap of $360.6 million. As illustrated below, the budget gap was driven primarily by decreases in revenue and increases in assistance caseloads.

Fiscal Year 2009-10 NCC Budget Gap

Revenue Reductions	$191.9 million
Assistance Caseload Increases	85.3 million
Net Program Changes	11.7 million
Unavoidable Cost Increases	57.2 million
Indigent Defense Cost Increases	14.4 million
Total Budget Gap	**$360.5 million**

To close this budget gap the County utilized a combination of ongoing structural solutions from departmental budget curtailments and one-time solutions from the appropriation of capital project funds and Federal stimulus funding. The major components of the FY 2009-10 NCC budget gap solutions are described in the following table:

Fiscal Year 2009-10 NCC Budget Gap Solutions

Ongoing Departmental Budget Curtailments	$162.9 million
Capital Program Designations	115.5 million
Federal Stimulus Funding	77.7 million
Other Savings Initiatives	4.4 million
Total Budget Gap Solutions	**$360.5 million**

In connection with the 2009-10 Final Adopted Budget, the Board of Supervisors approved the CEO's mid-year budget adjustment to eliminate $153.5 million in appropriations as a result of State budget cuts. Due to curtailments in State programs, the County made the decision not to backfill certain administrative costs in relation to both the CalWORKs and Medi-Cal Programs.

2010-11 FINAL ADOPTED COUNTY BUDGET

In the 2010-11 Final Adopted Budget, the County projected a $491.6 million General Fund NCC budget gap. The major components of the FY 2010-11 NCC budget gap are described in the following table:

Fiscal Year 2010-11 NCC Budget Gap

Revenue Reductions	
Property Taxes	$113.1 million
Public Safety Sales Tax	18.2 million
Realignment Sales Tax	10.3 million
Registrar-Recorder Shortfall	19.0 million
Various Revenue Changes	(4.4) million
Assistance Caseload Increases	
General Relief	82.4 million
In-Home Support Services	16.0 million
Other Caseload Changes	8.7 million
Expiration of FMAP Extension	38.8 million
Unavoidable Cost Increases	
Pension Costs	80.5 million
Health Insurance Premiums	50.4 million
Net Program Changes	30.3 million
Supplement Reserves	28.3 million
Total Projected Budget Gap	**$491.6 million**

To close this budget gap, the County utilized excess fund balance from FY 2009-10, and a combination of ongoing structural solutions and various one-time funding solutions, including the use of County reserves. The major components of the FY 2010-11 NCC budget gap solutions are described in the following table:

Fiscal Year 2010-11 NCC Budget Gap Solutions

Excess Fund Balance (Fiscal Year 2009-10)	$61.2 million
Ongoing Departmental Budget Curtailment	175.0 million
Ongoing Revenue Solutions	11.0 million
Capital Program Designations	76.7 million
Federal Stimulus Funding	26.2 million
Labor-Management Savings	51.0 million
Reserve for Rainy Day Fund	27.8 million
Budgetary Reserves	52.1 million
Other Solutions	10.6 million
Total Budget Gap Solutions	**$491.6 million**

2011-12 FINAL ADOPTED COUNTY BUDGET

Similar to recent County budgets, the 2011-12 Final Adopted Budget continues to be affected by the economic downturn and its negative impact on the financial condition of the County. However, as an indication of the improving economic trends, the County is forecasting its smallest NCC budget gap in three years. The primary factors contributing to the projected $175.4 million budget gap are outlined below.

The 2011-12 Final Adopted Budget, which was approved by the Board of Supervisors on October 4, 2011, appropriates $24.3 billion, representing a 0.4% increase from the prior fiscal year. For General County purposes (General Fund and Hospital Enterprise Fund), the 2011-12 Recommended Budget appropriates $18.5 billion, which represents a 0.1% decrease from the 2010-11 Final Adopted Budget. The 2011-12 Final Adopted Budget reflects a net increase of 129 budgeted positions from the Final Adopted Budget in FY 2010-11.

<u>Expiration of Prior Year One-Time Budget Solutions</u>

As discussed above, the County has utilized one-time funding solutions to help balance the budget during the economic crisis. The impact on the 2011-12 Final Adopted Budget from the expiration of the one-time funding solutions utilized in FY 2010-11 is projected to be a negative $262.0 million.

<u>Expiration of Federal Stimulus Funding</u>

The American Recovery and Reinvestment Act of 2009 ("ARRA"), in addition to other factors, temporarily increased Federal Medical Assistance Percentage ("FMAP") funding, which is the federal match rate for non-administrative costs. The FMAP change temporarily decreased the County's contribution to the IHSS program. A change in the FMAP percentage also affected other County administered programs. With the temporary increase in FMAP funding ending in June 2011, the County's share of the IHSS program will increase by $63.9 million in FY 2011-12.

<u>Unavoidable Cost Increase</u>

The primary components of the unavoidable cost increases are higher costs related to pension funding requirements and employee health insurance. The County's required retirement contributions will increase by almost fifteen percent (15%) in FY 2011-12, primarily due to the losses sustained by LACERA in FY 2008-09 as a result of the global financial crisis. Health insurance premiums for County employees will increase by approximately seven percent (7%) in FY 2011-12.

<u>Assistance Caseload Increases</u>

The high unemployment rate has caused many residents to seek public assistance from the County, which has resulted in a significant increase in assistance caseloads and expenditures since FY 2006-07. The cost of providing General Relief ("GR") assistance accounts for a large portion of the increase in caseload expenditures, since the County bears the entire cost of this assistance program.

Fiscal Year	Average Caseload	
2006-07	58,599	
2007-08	62,897	
2008-09	74,763	
2009-10	91,499	
2010-11	106,348	
2011-12	114,874	(Projected)

In FY 2010-11, GR caseloads averaged 106,348per month and has continued to grow in FY 2011-12 to a projected average monthly caseload of over 114,000. The projected GR caseload for FY 2011-12 is nearly double the average monthly caseload of 58,599 in FY 2006-07. Consistent with economic forecasts of unemployment, the County budget assumes that GR caseloads will peak in December 2011 and gradually decline through the remainder of the Fiscal Year.

<u>Revenue Increases</u>

As the local economy has stabilized and started to improve, the County is forecasting increases in a variety of locally generated revenues along with an increase in statewide sales tax revenue. After two (2) years of declines in assessed valuation, the Assessor reported a 1.36%, or $14.153 billion increase in the value of the Net Local Roll, which will generate an estimated $74.6 million of additional property tax revenue in FY 2011-12.

For the first time since FY 2006-07, the County is starting to see a year-over-year increase in Proposition 172 Sales Tax and Realignment Sales Tax revenue. Based on current trends and a survey of local economic forecasts, the County has assumed a five percent (5%) growth rate for all sales tax projections in the 2011-12 Final Adopted Budget. In addition, the County is forecasting a three percent (3%) increase in VLF revenue in FY 2011-12.

Retirement of Pension Obligation Bonds

In October 1994, the County issued pension obligation bonds to finance an unfunded actuarial accrued liability with LACERA. Since FY 2010-11 was the final year of debt service on the bonds, the County was able to redirect $106.6 million in NCC savings to help close the General Fund budget gap in FY 2011-12. Other non-General Fund County departments also benefited from the retirement of the pension obligation bonds, as the County estimates that these departments will realize $141.5 million in savings that can be used to resolve their budgetary challenges in FY 2011-12.

Labor-Management Savings

On December 7, 2010, the Board of Supervisors approved amendments to collective bargaining agreements that included a partial suspension of the County's matching contributions to the deferred compensation plans in FY 2010-11 and 2011-12. The reduction in the matching contribution benefit is projected to generate $42.1 million in NCC savings to the General Fund budget in FY 2011-12, and an additional $33.6 million in savings for non-General Fund County departments.

Fiscal Year 2011-12 NCC Budget Gap

2010-11 One-Time Budget Solutions	$262.0 million
Expiration of Federal Stimulus Funding	63.9 million
Unavoidable Cost Increases	
Pensions Costs	47.3 million
Health Insurance Subsidy	28.7 million
Net Program Changes	29.1 million
Assistance Caseload Changes	
General Relief	49.9 million
In-Home Support Services	(17.2) million
Revenue Increases	
Property Tax	(74.6) million
Various Revenue Changes	(28.8) million
Public Safety Sales Tax	(27.7) million
Realignment Sales Tax	(24.0) million
Retirement of Pension Obligation Bonds	(106.6) million
Labor-Management Savings	(42.1) million
State Budget Changes	(8.4) million
Various One-time Programs/Projects	23.9 million
Total Projected Budget Gap	**$175.4 million**

The County intends to utilize the following combination of ongoing structural solutions and one-time solutions to close the projected budget gap in FY 2011-12.

Fiscal Year 2011-12 NCC Budget Gap Solutions

Ongoing Curtailments/Consolidations	$35.7 million
Restored Public Safety Curtailments	(45.5) million
Capital Program Designations	116.7 million
Retiree Health Insurance Premium Refund	36.1 million
Other One-time Solutions	32.4 million
Total Budget Gap Solutions	**$175.4 million**

Departmental Budget Reductions/Consolidations

In FY 2008-09, the County initiated departmental budget curtailments, which has resulted in total savings of $360.5 million through FY 2011-12.

Budget Year	NCC Curtailment
2008-09	$33.0 million
2009-10	162.9 million
2010-11	175.0 million
2011-12	(10.4) million
Total Curtailments	$360.5 million

Throughout this period, many departments have lost over twenty percent (20%) of their NCC budget, while some departments' curtailments have been as high as thirty-eight percent (38%). Over this same period, County departments have sustained an average curtailment of fifteen percent (15%), with 2,445 budgeted positions eliminated countywide. For FY 2011-12, each County department was asked to submit an initial budget request that included a seven-percent (7%) NCC reduction. After reviewing departmental budget submissions, analyzing the potential impact on services, and considering the history of curtailments that departments have endured, most of the departmental reductions were revised downward.

One-Time Bridge Funding

Over the past decade, the County was able to set aside funds for capital projects and for a "rainy day" reserve fund. In light of the improving economic conditions, the County intends to utilize various one-time funding solutions and to modify the funding structure of the capital construction program to help close the budget gap. The two primary long-term reserves for the County, the Reserve for Rainy Day Fund ($93.2 million) and the Provisional Financing Uses-Economic Reserve ($83.6 million), will not be used to close the FY 2011-12 budget gap. These reserves remain intact and available to address future budgetary challenges and uncertainties. In accordance with County budget policy, the County intends to increase these reserve funds once the economy returns to historical levels of growth and the budget situation improves.

In May 2011, the United States Supreme Court, in a narrow 5-4 decision, upheld an injunction by a three-judge panel of the Ninth Circuit ordering California to release about 46,00 inmates, approximately one-fourth of the State's prison population, over the next two years to relieve overcrowding. In 2009, the Ninth Circuit ruled that inmates in the State prison system were being denied adequate medical care as required by the Constitution. Because overcrowding was determined to be the primary cause of the constitutional violation, the State was ordered to cap its prison population at 137% of capacity. The pending release of inmates is expected to have a significant impact on the Governor's Realignment Plan. However, the impact on the 2011-12 Recommended Budget and future County budgets is unknown at this time.

Health Services Budget

The Department of Health Services ("DHS") provides vital inpatient acute care and outpatient services in four hospitals, one of which is a rehabilitation center, and outpatient services at two Multi-Service Ambulatory Care Centers, six comprehensive health centers, 11 health centers, and over 100 Community Partners clinics throughout the County. DHS operates a health plan, the Community Health Plan, which serves more than 200,000 members. DHS is currently involved in discussions to transition the administrative operations of the Community Health Plan to another provider in order to focus solely on providing care for its members. DHS also manages emergency medical services for the entire County, and trains approximately 1,360 physician residents annually.

As a safety net provider, the County is the provider of last resort for millions of medically indigent patients in the County. Historically, the cost of providing health services has exceeded the combined total of health service revenues and the County general fund health subsidy, which has resulted in an ongoing structural deficit for DHS. By developing new revenue sources, implementing efficiencies, hiring freezes, and using one-time reserve funds, DHS has been able to cover the structural deficits of prior years.

For FY 2011-12, the DHS budget outlook has improved, largely due to the approval by the Centers for Medicare and Medicaid Services ("CMS") of a new Section 1115 Hospital Financing Waiver (the "Waiver") for public hospitals in California. Under the authority of Section 1115 of the Social Security Act, the Waiver permits the Federal government to waive certain Medicaid (referred to as Medi-Cal in California) statutory requirements and allows California to receive federal matching funds for Medicaid services that would otherwise not be eligible for federal funding. The Waiver, referred to as "California's Bridge to Reform", is effective for five years beginning November 1, 2010, and is the key program that will enable the County to bridge the gap until the implementation of Federal health care reform in 2014. The enactment of Federal health care reform provides the framework for the Waiver by allowing an early implementation of some of the law's coverage expansion provisions. The expanded coverage provisions are expected to reduce the structural deficit by providing a new revenue source from some of the indigent patients that do not currently have medical coverage.

Among the many components of the Waiver is the new Medicaid Coverage Expansion ("MCE") program which will provide Medi-Cal coverage for citizen or legal resident uninsured adults, ages 19-64 years, with incomes at or below 133% of the Federal Poverty Level. These individuals are targeted for coverage when health care reform is fully implemented in 2014. DHS anticipates that the MCE program will provide the opportunity for early enrollment into Medi-Cal coverage for many of its currently uninsured patients, thereby significantly improving the payer mix. The Waiver's MCE expansion and the transfer of Seniors and Persons with Disabilities into Medi-Cal managed care will help prepare the County for the implementation of Federal health care reform, when most covered individuals are expected to be enrolled in managed care programs. In addition, the Waiver provides new funding for system improvements at public hospitals through the Delivery System Reform Incentive Pool, and by continuing to partially fund uncompensated care. Since significant components of the funding mechanisms in the Waiver are performance-based, DHS will focus its efforts toward developing and implementing the structural and operational changes necessary to maximize available Waiver funding. In addition, DHS will allocate significant resources toward a restructuring of the ambulatory care systems in order to ensure service capacity, high quality care, and the best possible outcomes for patients.

The estimated value of the Waiver funding increased by $290.1 million to $1.268 billion for FY 2011-12. A large portion of the Waiver funding is contingent on DHS meeting specific goals and outcomes. Such performance based funding will require DHS to focus its efforts on meeting the Waiver requirements to ensure receipt of all available Waiver-related revenue. Since the additional funding from the Waiver will not completely resolve the projected deficit, DHS will continue to develop and implement cost saving and revenue generating initiatives through the Financial Stabilization Plan. The 2011-12 Final Adopted Budget includes $160.0 million in savings related to these initiatives.

Based on the receipt of additional Waiver funding and successful financial stabilization initiatives, DHS is projecting a balanced budget for FY 2011-12. However, the 2011-12 Final Adopted Budget does not take into account the impact of enrolling patients into the county-operated Healthy Way LA program, whose care was previously funded through the federal Ryan White Care Act program.

General Fund Contributions and Advances

The County maintains separate Enterprise Funds to account for hospital and ambulatory care services in various regions of the County. These funds are commonly referred to as the Hospital Funds (the "Hospital Funds"). The County's General Fund provides financial contributions and cash advances to each of the Hospital Funds. The contributions are direct cash support and are not subject to repayment. The General Fund makes cash advances to the Hospital Funds to provide for the net cash flow requirements of the hospitals. On a daily basis, the County reviews the cash inflows and outflows of the Hospital Funds and adjusts the amount of advances in a manner designed to provide the Hospital Funds with a minimal daily cash position of approximately $10 million.

The State and the Federal government are the primary source of revenues for the Hospital Funds. The County Hospital Funds typically receive cash reimbursement several months after the County has delivered and paid for services. As of June 30, 2011, the amount of General Fund cash advances to the Hospital Funds was approximately $1.016 billion.

In addition to the advances described above, the County's General Fund has also advanced cash to the Hospital Funds for certain long-term accounts receivable that are owed by the State to the hospitals. The receivables are associated with a program known as Cost Based Reimbursement Clinics ("CBRC"). Although the CBRC receivables are reliable assets, the collection process is contingent upon annual audits by the State. As of June 30, 2011, the audit process was in arrears by three fiscal years. The amount of General Fund cash advances associated with long-term CBRC receivables as of June 30, 2011 was approximately $195 million. The County has recognized an equivalent reserve against the fund balance associated with the CBRC receivable, since it is not currently available to finance County budget requirements.

Martin Luther King Jr. – Harbor Hospital

In August 2007, the CMS notified the County that Martin Luther King, Jr. – Harbor Hospital (the "MLK Hospital") had lost its Medicare and Medicaid certification. To remedy this situation, MLK Hospital was converted into a Multi-Service Ambulatory

Care Center, while additional inpatient beds were opened at other County hospitals and purchased from the private sector. On October 12, 2007, Governor Schwarzenegger signed into law Senate Bill 474 to establish a $100 million annual fund, the South Los Angeles Medical Services Preservation Fund, to stabilize the health services for low-income, under-served residents of South Los Angeles.

The County and the University of California ("UC"), with the involvement of the Governor's Office, approved a plan to create a wholly independent, non-profit 501(c)(3) entity to operate a new hospital at the previous MLK Hospital site. The new MLK Hospital would serve as a safety-net provider treating a high volume of Medi-Cal and uninsured patients, be integrated with the County's existing network of specialty and primary care ambulatory clinics, and optimize public and private resources to fund the delivery of services. The seven-member MLK Hospital Board of Directors was appointed by the County and UC in August 2010 and is proceeding with efforts to open a new private, non-profit MLK Hospital. Construction of the new MLK Hospital facility is expected to be completed in 2013.

Tobacco Settlement Revenue

In November 1998, the attorneys general of 46 states (including the State of California) and other territories reached agreement with the then four largest United States tobacco manufacturers to settle more than forty pending lawsuits brought by these public entities.

The Master Settlement Agreement (the "MSA") requires the tobacco companies to make payments to the states in perpetuity, with the payments totaling an estimated $206 billion through the year 2025. California will receive 12.76%, or approximately $25.0 billion of the total settlement. While the County's share of the State settlement is expected to average approximately $100 million per year, the actual amount of Tobacco Settlement Revenues ("TSRs") received by the County may fluctuate significantly from year to year. Factors that could impact the annual payments to the State include actions of the Federal government, overall declines in smoking participation rates, reduction in cigarette sales and declining market share among the participating manufacturers in the MSA, lawsuits, tobacco company bankruptcies, and various adjustments under the terms of the MSA.

To date there have been multiple legal challenges to the MSA under a variety of claims, including claims on anti-trust and Commerce Clause grounds. None of these lawsuits has been successful or resulted in the termination of the original agreement. However, recent actions by certain participating manufacturers have reduced the settlement funding received by the State and may adversely impact future payments. Specifically, a portion of the settlement payments have been withheld or made under protest. Arbitration hearings are currently being held to resolve the issues causing the payment adjustments and protests that began in 2003. The precise amount of payment adjustments to the MSA and the future availability of withheld payments will not be determined anytime earlier than 2012.

In February 2006, the County issued $319.8 million in tax-exempt Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds"). The Tobacco Bonds are secured and payable from 25.9% of the County's TSRs beginning in 2011, which represents the initial year for the payment of debt service on the Tobacco Bonds. The proceeds from the sale of the Tobacco Bonds were used to finance a portion of the construction costs related to the LAC+USC Medical Center, as well as to partially insure against the risk of a significant reduction of the County's ongoing TSRs as a result of the various factors described above. The use of this fixed percentage of TSRs as security for the repayment of the Tobacco Bonds is not expected to materially impact the DHS programs that rely on such revenues for funding.

In accordance with the terms of the MSA, annual payments are subject to numerous adjustments, offsets and recalculation. In April 2011 payment, the County received $85.6 million in MSA payments from the participating manufacturers (including the 25.9% of the MSA payment pledged as security for the Tobacco Bonds). In a change from prior-year practices, Phillip Morris USA elected to withhold the disputed portion of their April payment obligation and deposit $267 million in the Disputed Payments Account. The net impact to the County was an estimated reduction of approximately $13 million in TSRs.

Neither the MSA nor the Memorandum of Understanding restricts the use of the County's settlement funds to any specific purpose. Proceeds received by the County from the settlement have been deposited in the County's General Fund and reserved in a designation for health services. Through June 2011, the County has received $1.308 billion in tobacco settlement revenues ("TSRs") and accrued interest, with approximately $1.165 billion of the collected proceeds disbursed, and $143.1 million remaining in reserves and available for future appropriations. While DHS has identified programmatic uses for projected ongoing TSRs, it continues to develop plans to use the funds currently in reserve, primarily for one-time uses that will help to improve the operational efficiency of the health system, such as establishing an electronic health record information system.

BUDGET TABLES

The 2011-12 Final Adopted Budget is supported by $3.8 billion in property taxes, $4.7 billion in federal funding, $4.7 billion in State funding, $0.3 billion in cancelled reserves and designations, $1.6 billion in fund balance and approximately $3.4 billion in other funding sources.

The tables on the following pages provide historical detail on General County budget appropriations, along with a summary and comparison of the 2010-11 Final Adopted Budget with the 2011-12 Final Adopted Budget.

County of Los Angeles: General County Budget
Historical Appropriations by Fund
(in thousands)

Fund	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12
General Fund	$ 15,981,000	$ 16,273,308	$ 16,368,794	$ 16,380,905	$ 16,229,826
Hospital Enterprise Fund	1,818,990	1,897,508	2,121,468	2,127,184	2,268,712
Debt Service Fund	-	-		-	-
Total General County Budget	$ 17,799,990	$ 18,170,816	$ 18,490,262	$ 18,508,089	$ 18,498,538

County of Los Angeles: General County Budget
Historical Funding Requirements and Revenue Sources
(in thousands)

	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12
Requirements					
Social Services	$ 4,991,495	$ 5,166,283	$ 5,503,085	$ 5,707,144	$ 5,539,798
Health	5,307,606	5,322,713	5,338,390	5,424,321	5,600,822
Justice	4,499,905	4,719,253	4,693,943	4,745,700	4,697,762
Other	3,000,984	2,962,567	2,954,844	2,630,924	2,660,156
Total	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**
Revenue Sources					
Property Taxes	$ 3,628,517	$ 3,840,369	$ 3,789,308	$ 3,676,161	$ 3,750,746
State Assistance	4,963,934	4,818,285	4,554,097	4,528,710	4,670,351
Federal Assistance	3,963,490	4,104,390	4,730,605	4,868,199	4,712,400
Other	5,244,049	5,407,772	5,416,252	5,435,019	5,365,041
Total	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**

County of Los Angeles: General County Budget
Historical Summary of Funding Requirements by Budgetary Object and Available Financing
(in thousands)

	Final 2007-08	Final 2008-09	Final 2009-10	Final 2010-11	Final 2011-12
Financing Requirements					
Salaries & Employee Benefits	$ 8,437,462	$ 8,792,005	$ 8,974,526	$ 9,004,826	$ 8,895,017
Services & Supplies	5,859,213	6,192,312	6,350,306	6,530,982	6,706,121
Other Charges	3,127,968	3,233,859	3,350,510	3,503,195	3,621,050
Capital Assets	1,510,033	1,436,772	1,257,509	1,077,873	890,217
Other Financing Uses	1,155,780	985,458	726,958	704,520	640,310
Residual Equity Transfers Out	278	181	295	-	-
Interbudget Transfers[1]	(1,643,528)	(1,579,769)	(1,325,677)	(1,452,816)	(1,419,532)
Gross Appropriation	$ 18,447,206	$ 19,060,818	$ 19,334,427	$ 19,368,580	$ 19,333,183
Less: Intrafund Transfers	888,376	912,753	915,868	946,497	975,236
Net Appropriation	$ 17,558,830	$ 18,148,065	$ 18,418,559	$ 18,422,083	$ 18,357,947
Reserves					
General Reserve	$ 3,000	$ 5,400	$ 3,000	$ -	$ -
Designations/Other Reserves	238,160	17,351	68,703	86,006	140,591
Total Financing Requirements	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**
Available Financing					
Fund Balance	$ 1,706,356	$ 1,808,804	$ 1,713,428	$ 1,628,644	$ 1,601,571
Cancellation of Reserve/Designation	478,323	345,500	437,653	409,097	271,027
Property Taxes: Regular Roll	3,439,292	3,735,359	3,732,264	3,654,517	3,709,801
Supplemental Rol	189,225	105,010	57,044	21,644	40,945
Revenue	11,986,794	12,176,143	12,549,873	12,794,187	12,875,194
Total Available Financing	**$ 17,799,990**	**$ 18,170,816**	**$ 18,490,262**	**$ 18,508,089**	**$ 18,498,538**

[1] This amount includes certain non-program expenditures and revenues that are included in the budget for accounting purposes. Failure to exclude such amounts, totaling $1.4 billion in 2011-12, from the above table would give the impression that there are more resources than are actually available and artificially inflate General County appropriations to $19.9 billion.

Source: Chief Executive Office

COUNTY OF LOS ANGELES
GENERAL COUNTY BUDGET
COMPARISON OF FINAL ADOPTED 2010-11 BUDGET TO FINAL ADOPTED 2011-12
Net Appropriation: By Function
(In thousands)

Function	2010-11 Final Budget [1]	2011-12 Final Budget [2]	Difference	Percentage Difference
REQUIREMENTS				
General				
General Government	$ 887,319.0	$ 821,381.0	$ (65,938.0)	-7.43%
General Services	592,911.0	648,837.0	55,926.0	9.43%
Public Buildings	894,933.0	797,208.0	(97,725.0)	-10.92%
Total General	$ 2,375,163.0	$ 2,267,426.0	$ (107,737.0)	-4.54%
Public Protection				
Justice	$ 4,475,587.0	$ 4,405,690.0	$ (69,897.0)	-1.56%
Other Public Protection	188,832.0	263,197.0	74,365.0	39.38%
Total Public Protection	$ 4,664,419.0	$ 4,668,887.0	$ 4,468.0	0.10%
Health and Sanitation	5,394,110.0	5,586,704.0	192,594.0	3.57%
Public Assistance	5,648,852.0	5,495,787.0	(153,065.0)	-2.71%
Recreation and Cultural Services	269,845.0	271,449.0	1,604.0	0.59%
Insurance and Loss Reserve	69,694.0	67,694.0	(2,000.0)	-2.87%
Reserves/Designations	86,006.0	140,591.0	54,585.0	63.47%
Appropriation for Contingency	-	-	-	0.00%
Total Requirements	**$ 18,508,089.0**	**$ 18,498,538.0**	**$ (9,551.0)**	**-0.05%**
AVAILABLE FUNDS				
Property Taxes	$ 3,676,161.0	$ 3,750,746.0	$ 74,585.0	2.03%
Fund Balance	1,628,644.0	1,601,571.0	(27,073.0)	-1.66%
Cancelled Prior-Year Reserves	409,097.0	271,027.0	(138,070.0)	-33.75%
Intergovernmental Revenues				
State Revenues				
In-Lieu Taxes	$ 430,075.0	$ 422,147.0	$ (7,928.0)	-1.84%
Homeowners' Exemption	20,500.0	20,500.0	-	0.00%
Public Assistance Subventions	1,628,614.0	1,633,512.0	4,898.0	0.30%
Other Public Assistance	495,256.0	538,857.0	43,601.0	8.80%
Public Protection	752,793.0	769,325.0	16,532.0	2.20%
Health and Mental Health	774,158.0	888,411.0	114,253.0	14.76%
Capital Projects	25,397.0	10,764.0	(14,633.0)	-57.62%
Other State Revenues	52,091.0	72,069.0	19,978.0	38.35%
Total State Revenues	$ 4,178,884.0	$ 4,355,585.0	$ 176,701.0	4.23%
Federal Revenues				
Public Assistance Subventions	$ 2,459,088.0	$ 2,285,213.0	$ (173,875.0)	-7.07%
Other Public Assistance	324,133.0	247,226.0	(76,907.0)	-23.73%
Public Protection	210,632.0	233,184.0	22,552.0	10.71%
Health and Mental Health	893,912.0	1,042,427.0	148,515.0	16.61%
Capital Projects	27,053.0	13,945.0	(13,108.0)	-48.45%
Other Federal Revenues	53,703.0	45,166.0	(8,537.0)	-15.90%
Total Federal Revenues	$ 3,968,521.0	$ 3,867,161.0	$ (101,360.0)	-2.55%
Other Governmental Agencies	141,001.0	156,443.0	15,442.0	10.95%
Total Intergovenmental Revenues	$ 8,288,406.0	$ 8,379,189.0	$ 90,783.0	
Fines, Forfeitures and Penalties	224,625.0	226,565.0	1,940.0	0.86%
Licenses, Permits and Franchises	46,064.0	46,620.0	556.0	1.21%
Charges for Services	2,971,525.0	3,005,897.0	34,372.0	1.16%
Other Taxes	167,216.0	169,431.0	2,215.0	1.32%
Use of Money and Property	117,440.0	153,481.0	36,041.0	30.69%
Miscellaneous Revenues	338,160.0	331,426.0	(6,734.0)	-1.99%
Operating Contribution from General Fund	640,751.0	562,585.0	(78,166.0)	-12.20%
Total Available Funds	**$ 18,508,089.0**	**$ 18,498,538.0**	**$ (9,551.0)**	**-0.05%**

(1) Reflects the Final Adopted 2010-11 General County Budget approved by the Board of Supervisors on September 28, 2010.
(2) Reflects the Final Adopted 2011-12 General County Budget approved by the Board of Supervisors on October 4, 2011.

COUNTY OF LOS ANGELES
FINAL ADOPTED 2010-11 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 887,319.0	$ -	$ 887,319.0
General Services	592,911.0	-	592,911.0
Public Buildings	894,933.0	-	894,933.0
Total General	$ 2,375,163.0	$ -	$ 2,375,163.0
Public Protection			
Justice	$ 4,475,587.0	$ -	$ 4,475,587.0
Other Public Protection	188,832.0	-	188,832.0
Total Public Protection	$ 4,664,419.0	$ -	$ 4,664,419.0
Health and Sanitation	$ 3,266,926.0	$ 2,127,184.0	$ 5,394,110.0
Public Assistance	5,648,852.0	-	5,648,852.0
Recreation and Cultural Services	269,845.0	-	269,845.0
Insurance and Loss Reserve	69,694.0	-	69,694.0
Reserves/Designations	86,006.0	-	86,006.0
Debt Service	-	-	-
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,380,905.0**	**$ 2,127,184.0**	**$ 18,508,089.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,676,161.0	$ -	$ 3,676,161.0
Fund Balance	1,628,644.0	-	1,628,644.0
Cancelled Prior-Year Reserves	405,168.0	3,929.0	409,097.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 430,075.0	$ -	$ 430,075.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,628,614.0	-	1,628,614.0
Other Public Assistance	495,256.0	-	495,256.0
Public Protection	752,793.0	-	752,793.0
Health and Mental Health	733,169.0	40,989.0	774,158.0
Capital Projects	25,397.0	-	25,397.0
Other State Revenues	52,091.0	-	52,091.0
Total State Revenues	4,137,895.0	40,989.0	$ 4,178,884.0
Federal Revenues			
Public Assistance Subventions	$ 2,459,088.0	$ -	$ 2,459,088.0
Other Public Assistance	324,133.0	-	324,133.0
Public Protection	210,632.0	-	210,632.0
Health and Mental Health	891,402.0	2,510.0	893,912.0
Capital Projects	27,053.0	-	27,053.0
Other Federal Revenues	53,703.0	-	53,703.0
Total Federal Revenues	$ 3,966,011.0	$ 2,510.0	$ 3,968,521.0
Other Governmental Agencies	141,001.0	-	141,001.0
Total Intergovenmental Revenues	$ 8,244,907.0	$ 43,499.0	$ 8,288,406.0
Fines, Forfeitures and Penalties	224,625.0	-	224,625.0
Licenses, Permits and Franchises	45,938.0	126.0	46,064.0
Charges for Services	1,757,331.0	1,214,194.0	2,971,525.0
Other Taxes	167,216.0	-	167,216.0
Use of Money and Property	117,267.0	173.0	117,440.0
Miscellaneous Revenues	113,648.0	224,512.0	338,160.0
Operating Contribution from General Fund	-	640,751.0	640,751.0
Total Available Funds	**$ 16,380,905.0**	**$ 2,127,184.0**	**$ 18,508,089.0**

(1) Reflects the Final Adopted 2010-11 General County Budget approved by the Board of Supervisors on September 28, 2010.

COUNTY OF LOS ANGELES
FINAL ADOPTED BUDGET 2011-12 GENERAL COUNTY BUDGET (1)
Net Appropriation: By Fund and Function
(In thousands)

Function	General Fund	Hospital Enterprise Fund	Total General County
REQUIREMENTS			
General			
General Government	$ 821,381.0	$ -	$ 821,381.0
General Services	648,837.0	-	648,837.0
Public Buildings	797,208.0	-	797,208.0
Total General	$ 2,267,426.0	$ -	$ 2,267,426.0
Public Protection			
Justice	$ 4,405,690.0	$ -	$ 4,405,690.0
Other Public Protection	263,197.0	-	263,197.0
Total Public Protection	$ 4,668,887.0	$ -	$ 4,668,887.0
Health and Sanitation	$ 3,317,992.0	$ 2,268,712.0	$ 5,586,704.0
Public Assistance	5,495,787.0	-	5,495,787.0
Recreation and Cultural Services	271,449.0	-	271,449.0
Insurance and Loss Reserve	67,694.0	-	67,694.0
Reserves/Designations	140,591.0	-	140,591.0
Appropriation for Contingency	-	-	-
Total Requirements	**$ 16,229,826.0**	**$ 2,268,712.0**	**$ 18,498,538.0**
AVAILABLE FUNDS			
Property Taxes	$ 3,750,746.0	$ -	$ 3,750,746.0
Fund Balance	1,601,571.0	-	1,601,571.0
Cancelled Prior-Year Reserves	257,864.0	13,163.0	271,027.0
Intergovernmental Revenues			
State Revenues			
In-Lieu Taxes	$ 422,147.0	$ -	$ 422,147.0
Homeowners' Exemption	20,500.0	-	20,500.0
Public Assistance Subventions	1,633,512.0	-	1,633,512.0
Other Public Assistance	538,857.0	-	538,857.0
Public Protection	769,325.0	-	769,325.0
Health and Mental Health	845,876.0	42,535.0	888,411.0
Capital Projects	10,764.0	-	10,764.0
Other State Revenues	72,069.0	-	72,069.0
Total State Revenues	4,313,050.0	42,535.0	4,355,585.0
Federal Revenues			
Public Assistance Subventions	$ 2,285,213.0	$ -	$ 2,285,213.0
Other Public Assistance	247,226.0	-	247,226.0
Public Protection	233,184.0	-	233,184.0
Health and Mental Health	818,667.0	223,760.0	1,042,427.0
Capital Projects	13,945.0	-	13,945.0
Other Federal Revenues	45,166.0	-	45,166.0
Total Federal Revenues	$ 3,643,401.0	$ 223,760.0	$ 3,867,161.0
Other Governmental Agencies	156,443.0	-	156,443.0
Total Intergovenmental Revenues	$ 8,112,894.0	$ 266,295.0	$ 8,379,189.0
Fines, Forfeitures and Penalties	224,114.0	2,451.0	226,565.0
Licenses, Permits and Franchises	46,494.0	126.0	46,620.0
Charges for Services	1,807,967.0	1,197,930.0	3,005,897.0
Other Taxes	169,431.0	-	169,431.0
Use of Money and Property	153,308.0	173.0	153,481.0
Miscellaneous Revenues	105,437.0	225,989.0	331,426.0
Operating Contribution from General Fund	-	562,585.0	562,585.0
Total Available Funds	**$ 16,229,826.0**	**$ 2,268,712.0**	**$ 18,498,538.0**

(1) Reflects the Final Adopted 2011-12 General County Budget approved by the Board of Supervisors on October 4, 2011.

FINANCIAL SUMMARY

PROPERTY TAX RATE, VALUATION AND LEVY

Taxes are levied each fiscal year on taxable real and personal property located in the County as of the preceding January 1st. However, upon a change in ownership of property or completion of new construction, State law permits an accelerated recognition and taxation of increases in real property assessed valuation (known as a “floating lien date”). For assessment and collection purposes, property is classified either as “secured” or “unsecured”, and is listed accordingly on separate parts of the assessment roll. The “secured roll” is that part of the assessment roll containing State assessed property and property secured by a lien on real property which is sufficient, in the opinion of the Assessor, to secure payment of the taxes. Other property is assessed on the “unsecured roll.”

The County of Los Angeles levies a 1% property tax on behalf of all taxing agencies in the County. The taxes collected are allocated on the basis of a formula established by State law. Under this formula, the County and all other taxing entities receive a base year allocation plus an allocation on the basis of “situs” growth in assessed value (new construction, change of ownership, and inflation) prorated among the jurisdictions which serve the tax areas where the growth occurs. Tax rate areas are specifically defined geographic areas which were developed to permit the levying of taxes for less than county-wide or less than city-wide special districts.

PAYMENT DATES AND LIENS

Property taxes on the secured roll are due in two installments, on November 1 and February 1. If unpaid, such taxes become delinquent after December 10 and April 10, respectively, with a ten percent penalty assessed to any delinquent payments. In addition, any property on the secured roll with delinquent taxes as of July 1 is declared tax-defaulted. Such property may thereafter be redeemed by payment of the delinquent taxes and the delinquency penalty, plus costs and a redemption penalty of one and one-half percent per month to the time of redemption. If taxes are unpaid for a period of five years or more, the tax-defaulted property is subject to sale by the County Treasurer and Tax Collector.

Property taxes on the unsecured roll are due as of the January 1st lien date and become delinquent, if unpaid, by August 31st. A ten percent penalty attaches to delinquent property taxes on the unsecured roll, and an additional penalty of one and one-half percent per month begins to accrue on November 1st. The taxing authority has four ways of collecting unsecured personal property taxes: (1) a civil action against the taxpayer; (2) filing a certificate in the office of the County Clerk specifying certain facts in order to obtain a lien on certain property of the taxpayer; (3) filing a certificate of delinquency in the County Recorder’s office in order to obtain a lien on certain property of the taxpayer; and (4) seizure and sale of personal property, improvements or possessory interests belonging or assessed to the taxpayer.

LARGEST TAXPAYERS

The twenty largest taxpayers in the County, as shown on the Fiscal Year 2011-12 secured tax roll, and the approximate amounts of their aggregate levies for all taxing jurisdictions within the County are shown below. Property owned by the twenty largest taxpayers had a full cash value of $34,629,198,569 which constitutes only 3.42% of the total full cash value for the entire County.

Taxpayer	Total Tax Levy 2011-12
Southern California Edison Co.	$ 62,962,332
Douglas Emmett Residential	38,873,633
BP West CoBP West Coast/ARCO/ Shell Oil Co.	28,933,240
Maguire Properties	27,784,940
Verizon/MCI Communications Services Inc.	23,485,147
Chevron USA Inc./Texaco	23,220,526
AT&T/Pacific Bell/SBC	21,475,350
Trizec Wilshire Center LLC	20,765,369
Exxon/Mobil Corporation	19,900,785
Southern California Gas Company	19,639,786
Conocophillips Co/Union Oil	18,184,850
Participants in Long Beach Unit	15,715,077
Universal Studios LLC	14,945,189
Archstone Smith/Tishman Speyer	14,120,867
Macerich Westside Pavilion	14,019,812
EQP/ERP Limited	13,573,193
Valero Refining Company	11,780,664
Boeing/Hughes/McDonnell Douglas Corp.	11,305,072
Tesoro Refining and Marketing Co.	10,393,626
Plains Exporation and Production Co.	10,141,260
	$ 421,220,717

Total may not add due to rounding.
Source: Los Angeles County Treasurer and Tax Collector

PROPERTY TAXATION AND COLLECTIONS

The table on the following page compares the assessed cash values, property tax levies and collections since 2007-08.

COUNTY OF LOS ANGELES
COMPARISON OF FULL CASH VALUE
PROPERTY TAXATION AND COLLECTIONS
FISCAL YEARS 2007-08 THROUGH 2011-12

Fiscal Year	Full Cash Value [(1)]	General Fund Secured Property Tax Levies	General Fund Secured Property Tax Collections [(2)]	Current Collection As a Percent of Levies %
2007-08	953,468,123,997	2,348,085,882	2,232,305,540	95.07%
2008-09	1,020,346,376,948	2,503,699,652	2,388,838,218	95.41%
2009-10	1,013,549,301,342	2,449,393,435	2,370,955,825	96.80%
2010-11	997,502,481,662	2,423,866,268	2,369,935,057	97.77%
2011-12	1,013,260,968,402	2,462,158,368 [(3)]	2,407,375,154 [(4)]	97.77%

(1) Full cash values reflect the equalized assessment roll as reported in August of each year; mid-year adjustments are reflected in the following year's values. Incremental full cash values of properties within project areas designated by community redevelopment agencies are excluded. See "Redevelopment Agencies".
(2) Reflects collection within the fiscal year originally levied.
(3) Preliminary estimate.
(4) Preliminary estimate based on collection rate of 97.77% in Fiscal Year 2010-11

Source: Los Angeles County Auditor-Controller and Treasurer and Tax Collector.

REDEVELOPMENT AGENCIES

The California Community Redevelopment Law authorizes the redevelopment agency of any city or county to issue bonds payable from their allocation of tax revenues resulting from increases in full cash values of properties within designated project areas. This allocation reduces the tax revenues the County and all other taxing agencies would otherwise receive.

The rate of growth in full cash values of these project areas, on an aggregate basis, is greater than the rate of growth in the balance of the County. Since these project areas are primarily in commercial and industrial areas, they have provided a significant impetus to the development and revitalization of the County's economic base. In addition, under State law, redevelopment projects must contribute a portion of the property tax funds they receive to increase the availability of housing for families with low and moderate income.

The following table shows full cash value increments and total tax allocations to community redevelopment agencies for the Fiscal Years 2007-08 through 2011-12

COMMUNITY REDEVELOPMENT AGENCY (CRA)
PROJECTS IN THE COUNTY OF LOS ANGELES
FULL CASH VALUE AND TAX ALLOCATIONS
FISCAL YEARS 2007-08 THROUGH 2011-12

Fiscal Year	Full Cash Value Increments [(1)]	Total Tax Allocations [(2)]
2007-08	127,113,321,984	1,167,170,104
2008-09	142,705,432,962	1,279,129,462
2009-10	140,955,357,917	1,266,067,367
2010-11	136,964,953,487	1,208,208,191
2011-12	137,243,985,288	120,831,159 [(3)]

(1) Equals the full cash value for all redevelopment project areas above their base year valuations. This data represents growth in full cash values which generates tax revenues for use by community redevelopment agencies.
(2) Includes actual cash revenues collected by the County and subsequently paid to redevelopment agencies, which includes incremental growth allocation, debt service, mid year changes and Supplemental Roll.
(3) Total CRA Tax Allocations as of November 2011.

Source: Los Angeles County Auditor-Controller, Tax Division.

CASH MANAGEMENT PROGRAM

County General Fund expenditures tend to occur in level amounts throughout the fiscal year. Conversely, receipts from the two largest sources of County revenues have followed an uneven pattern, primarily as a result of delays in payments from other governmental agencies and the final due dates for the first and second installments of secured property tax payments being due in December and April, respectively.

As a result of the uneven pattern of revenue receipts, the General Fund cash balance prior to Fiscal Year 1977-78 had typically been negative for most of the year and had been covered in part by interfund borrowings pursuant to Section 6 of Article XVI of the California Constitution. “Interfund borrowing” is borrowing from specific funds of other governmental entities whose funds are held in the County Treasury. Because such borrowings caused disruptions in the General Fund’s management of pooled investments, beginning in 1977, the County eliminated the practice of interfund borrowing and replaced it with a program to manage its cash flow needs by issuing tax and revenue anticipation notes (TRANs) for the General Fund and by using intrafund borrowing.

The use of “intrafund borrowing” for General Fund purposes represents borrowing against funds that are held in trust by the County. Such funds, with the exception of the Hospital Enterprise Funds, are held by the County on a pre-apportionment basis until they are eventually distributed to County operating funds (such as the General Fund) or other governmental agencies. All intrafund borrowings used for General Fund purposes, and all notes issued in connection with the County’s cash management program have been repaid in accordance with their required maturity dates.

2011-12 Tax and Revenue Anticipation Notes

Pursuant to California law and a resolution adopted by the Board of Supervisors on May 17, 2011, the County issued the 2011-12 TRANs with an aggregate principal amount of $1.3 billion in three separate series: $300.0 million due February 29, 2012; $500.0 million due March 30, 2012; and $500.0 million due June 29, 2012. The TRANs are general obligations of the County attributable to the 2011-12 fiscal year and are secured by a pledge of certain unrestricted taxes, income, revenue, cash receipts and other moneys of the County.

Under the Resolution and Financing Certificate executed by the County Treasurer and Tax Collector, the County has pledged to deposit sufficient revenues into a Repayment Fund during Fiscal Year 2011-12 for the purpose of repaying the 2011-12 TRANs at maturity. The deposits have been made in accordance with the following schedule:

COUNTY OF LOS ANGELES
2011-12 TAX AND REVENUE ANTICIPATION NOTES
SCHEDULE OF DEPOSITS TO REPAYMENT FUND*

Deposit Date		Deposit Amount
December, 2011	$	480,856,000
January, 2012		390,000,000
February, 2012		130,000,000
March, 2012		65,000,000
April, 2012		260,000,000
Total	$	1,325,856,000

* Reflects a 2.50% interest rate and $1.3 billion in 2011-12 Notes.

The County has always maintained full compliance with its deposit obligations with respect to its TRANs program. The following table illustrates the Unrestricted General Fund Receipts collected on a cash flow basis since Fiscal Year 2007-08.

COUNTY OF LOS ANGELES
GENERAL FUND
UNRESTRICTED GENERAL FUND RECEIPTS (in thousands)

		2007-08		2008-09		2009-10		2010-11		Estimated 2011-12
Property Taxes	$	3,568,098	$	3,867,816	$	3,768,220	$	3,733,822	$	3,745,560
Other Taxes		176,349		144,945		154,228		137,907		158,967
Licenses, Permits and Franchises		53,545		52,957		46,825		56,799		53,657
Fines, Forfeitures and Penalties		239,456		261,477		254,428		242,904		245,034
Investment and Rental Income		295,191		204,889		133,640		123,582		125,556
State In-Lieu Taxes		459,242		422,053		424,760		401,679		416,360
State Homeowner Exemptions		21,765		21,827		21,966		21,616		21,676
Charges for Current Services		1,516,390		1,671,756		1,673,098		1,574,709		1,571,067
Miscellaneous Revenue, incl. Tobacco Settlement		302,248		262,766		192,973		181,859		390,259
TOTAL UNRESTRICTED RECEIPTS	$	6,632,284	$	6,910,486	$	6,670,138	$	6,474,877	$	6,728,137

Detail may not add due to rounding.
Source: Los Angeles County Chief Executive Office

Intrafund and Interfund Borrowing

To the extent necessary, the County intends to use intrafund (and not interfund) borrowing to cover its General Fund cash needs, including projected year-end cash requirements. Should the County find it necessary to resort to interfund borrowing, then such borrowing may not occur after the last Monday in April of each year and must be repaid before any other obligation of the County.

The County does not intend to engage in interfund borrowing for the General Fund nor has it done so since the implementation of the General Fund cash management program in Fiscal Year 1977-78.

Funds Available for Intrafund Borrowing

After the tax and revenue anticipation note proceeds are utilized, the General Fund may borrow from three fund groups to meet its cash flow needs. The most significant group is the Property Tax Group, which consists of collected property taxes that are awaiting apportionment. The great majority of these amounts will be distributed to other governmental agencies such as school districts.

The second most significant borrowing source includes the various Trust Group funds. The largest of these funds is the Departmental Trust Fund, which consists of various collections, such as court fines and other revenues, awaiting distribution. The majority of these funds will eventually be distributed to entities outside the County. Also in this group is the Payroll Revolving Fund, which is used as a clearing account for County payroll operations and has a cash balance that consists exclusively (except for a small portion related to the County Superior Court) of advances from funds included in the General County Budget.

The last fund group consists of the Hospital Enterprise Funds. The balances in these funds are different from those in the Property Tax Group and Trust Group in that the Hospital Enterprise Funds are included in the General County Budget. Furthermore, these funds are considered as part of the General Fund for purposes of sizing the County's annual TRANs financing.

The Hospital Enterprise Funds generally represent working capital advances from the General Fund and cash generated from the County hospitals. At year-end, the remaining balances are transferred back to the General Fund.

The average daily balances shown for these intrafund sources are not necessarily indicative of the balances on any given day. The balances in certain funds, such as those in the Property Tax Group, can fluctuate greatly during the month. The General Fund cash balance also fluctuates during the month, with the third week being the lowest and month-end the highest due to the timing of State receipts and receipt of welfare advances on the last day of the month.

The legality of the County's practice of intrafund borrowing was decided and affirmed by the California Court of Appeals in May 1999, in the case entitled *Stanley G. Auerbach et al v. Board of Supervisors of the County of Los Angeles et al*.

The tables at the end of this Financial Section provide a monthly summary of the funds available to the County for intrafund borrowing in Fiscal Year 2010-11 and Fiscal Year 2011-12 with actual amounts through August 2011.

General Fund Cash Flow Statements

The Fiscal Year 2010-11 General Fund Cash Flow Statement and the Fiscal Year 2011-12 General Fund Cash Flow Statement, with actual amounts are also provided at the end of this Financial Section. In Fiscal Year 2010-11, the County had an ending General Fund cash balance of $568 million. For Fiscal Year 2011-12, the County is projecting an ending cash balance in the General Fund of $47.7 million.

COUNTY POOLED SURPLUS INVESTMENTS

The Treasurer and Tax Collector (the Treasurer) of Los Angeles County has the delegated authority to invest funds on deposit in the County Treasury (the Treasury Pool). As of October 31, 2011, investments in the Treasury Pool were held for local agencies including school districts, community college districts, special districts and discretionary depositors such as cities and independent districts in the following amounts:

Local Agency	**Invested Funds (in Billions)**
County of Los Angeles and Special Districts	$7.007
Schools and Community Colleges	12.776
Independent Public Agencies	2.689
Total	$22.472

Of these entities, the involuntary participants accounted for approximately 88.03% and all discretionary participants accounted for 11.97% of the total Treasury Pool.

Decisions on the investment of funds in the Treasury Pool are made by the County Investment Officer in accordance with established policy, with certain transactions requiring the Treasurer's prior approval. In Los Angeles County, investment decisions are governed by Chapter 4 (commencing with Section 53600) of Part 1 of Division 2 of Title 5 of the California Government Code, which governs legal investments by local agencies in the State of California, and by a more restrictive Investment Policy developed by the Treasurer and adopted by the Los Angeles County Board of Supervisors on an annual basis. The Investment Policy adopted on March 15, 2011, reaffirmed the following criteria and order of priority for selecting investments:

1. Safety of Principal
2. Liquidity
3. Return on Investment

The Treasurer prepares a monthly Report of Investments (the Investment Report) summarizing the status of the Treasury Pool, including the current market value of all investments. This report is submitted monthly to the Board of Supervisors. According to the Investment Report dated December 1, 2011, the October 31, 2011 book value of the Treasury Pool was approximately $22.472 billion and the corresponding market value was approximately $22.535 billion.

An internal controls system for monitoring cash accounting and investment practices is in place. The Treasurer's Compliance Auditor, who operates independently from the Investment Officer, reconciles cash and investments to fund balances daily. The Compliance Auditor's staff also reviews each investment trade for accuracy and compliance with the Board adopted Investment Policy. On a quarterly basis, the County's outside independent auditor (External Auditor) reviews the cash and investment reconciliations for completeness and accuracy. Additionally, the External Auditor reviews investment transactions on a quarterly basis for conformance with the approved Investment Policy and annually accounts for all investments.

The following table identifies the types of securities held by the Treasury Pool as of October 31, 2011:

Type of Investment	**% of Pool**
U.S. Government and Agency Obligations	50.54
Certificates of Deposit	17.50
Commercial Paper	27.97
Bankers Acceptances	0.00
Municipal Obligations	0.36
Corporate Notes & Deposit Notes	3.63
Asset Backed Instruments	0.00
Repurchase Agreements	0.00
Other	0.00
	100.00

The Treasury Pool is highly liquid. As of October 31, 2011 approximately 50.04% of the investments mature within 60 days, with an average of 581.99 days to maturity for the entire portfolio.

The County complements its conservative investment policies with a well established practice of market research and due diligence. The Treasury Pool has not experienced a single investment loss since the onset of the global financial crisis in Fiscal Year 2008-09. Furthermore, the County Investment Officer has never purchased any structured investment vehicles nor any securities with material exposure to sub-prime mortgages. The Treasury Pool was also unaffected by the September 2008 bankruptcy of Lehman Brothers and does not have any outstanding exposure to Lehman Brothers investments.

FINANCIAL STATEMENTS-GAAP BASIS

Since Fiscal Year 1980-81, the County has prepared its general purpose financial statements in conformity with Generally Accepted Accounting Principles (GAAP) for State and local governments and they have been audited by independent certified public accountants.

The basic financial statements for the Fiscal Year ended June 30, 2010, and the unqualified opinion of Macias Gini & O'Connell LLP are attached hereto as Appendix B. Since 1982, the County CAFRs have received a Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers Association.

The County's budget is prepared in accordance with the County Budget Act prior to the issuance of GAAP financial statements. The 2010-11 Final Adopted Budget included an available (unreserved and undesignated) General Fund balance of $1,628,644,000 as of June 30, 2010.

The amounts presented for the General Fund in accordance with GAAP are based on the modified accrual basis of accounting and differ from the amounts presented on a budgetary basis of accounting. The major areas of difference are as follows:

- General Fund obligations for accrued vacation and sick leave and estimated liabilities for litigation and self-insurance are recorded as budgetary expenditures to the extent that they are estimated to be payable within one year after the preceding year-end. Under the modified accrual basis of accounting, such expenditures are not recognized until they become due and payable in accordance with GASB Interpretation No. 6.

- Under the budgetary basis, revenues (primarily intergovernmental) are recognized at the time encumbrances are established for certain programs and capital improvements. The intent of the budgetary policy is to match the use of budgetary resources (for amounts encumbered but not yet expended) with funding sources that will materialize as revenues when actual expenditures are incurred. Under the GAAP basis, revenues are not recognized until the qualifying expenditures are incurred.

- Under the budgetary basis, property tax revenues are recognized to the extent that they are collectible within one year after the preceding year-end. Under the GAAP basis, property tax revenues are recognized only to the extent that they are collectible within 60 days.

- For budgetary purposes, investment income is recognized prior to the effect of changes in the fair value of investments. Under the GAAP basis, the effects of such fair value changes are recognized as a component of investment income.

- In conjunction with the issuance of Tobacco Settlement Asset-Backed Bonds, the County sold a portion of its future rights to tobacco settlement revenues. Under the budgetary basis, the bond proceeds were recognized as revenues. Under the modified accrual basis, the bond proceeds were recorded as a sale of future revenues and are being recognized over the duration of the sale agreement, in accordance with GASB Statement No. 48. This matter is discussed in further detail in Note 10 to the 2009-10 CAFR, under the caption, "Tobacco Settlement Asset-Backed Bonds."

- In conjunction with the sale of pension obligation bonds in 1994-1995, the County sold the right to future investment income on debt service deposits. Under the budgetary basis, the proceeds were included in 1994-1995 revenues. Under the GAAP basis, the proceeds were recorded as deferred revenue and are being amortized over the life of the bonds.

The following table provides a reconciliation of the General Fund's June 30, 2010 fund balance (unreserved and undesignated) on a budgetary and GAAP basis.

The tables on the following pages summarize the audited balance sheet for the General Fund since 2005-06 and provide a history of revenue and expenditure statement for the General Fund over the same period.

COUNTY OF LOS ANGELES
GENERAL FUND
RECONCILIATION OF FUND BALANCE FROM BUDGETARY TO GAAP BASIS
JUNE 30, 2010 (in thousands of $)

Actual Available (Unreserved and Undesignated) Fund Balance - Budgetary Basis	$	1,628,644
Adjustments:		
Accrual of budgetary liabilities for litigation and self-insurance claims not required by GAAP		169,007
Change in receivables for health insurers rebates held in LACERA OPEB Agency Fund		142,744
Accrual of liabilities for accrued vacation and sick leave not required by GAAP		40,290
Change in revenue accruals related to encumbrances		(24,410)
Deferral of property tax receivables		(90,467)
Deferral of unearned investment income		0
Deferral of sale of tobacco settlement revenue		(261,788)
Change in fair value of Investments		4,347
Available (Unreserved and Undesignated) Fund Balance - GAAP Basis	$	1,608,367

COUNTY OF LOS ANGELES
BALANCE SHEET AT JUNE 30, 2006, 2007, 2008, 2009, and 2010.
GENERAL FUND-GAAP BASIS (in thousands of $)

ASSETS

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Pooled Cash and Investments	$ 2,506,016	$ 2,668,854	$ 2,343,525	$ 1,841,579	$ 1,689,490
Other Investments	6,502	6,400	6,236	6,099	5,839
Taxes Receivable	208,279	248,095	340,784	301,269	246,288
Other Receivables	1,285,684	1,357,683	1,804,965	1,907,656	1,808,478
Due from Other Funds	219,448	370,124	357,416	326,379	436,441
Advances to Other Funds	541,699	400,280	571,872	825,017	1,018,161
Inventories	42,562	42,561	43,906	46,486	44,279
Total Assets	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485	$ 5,248,976

LIABILITIES

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Accounts Payable	$ 272,245	$ 300,087	$ 252,794	$ 247,337	$ 266,916
Accrued Payroll	350,421	392,779	472,007	504,374	286,407
Other Payables	67,912	86,055	151,700	121,665	454,244
Due to Other Funds	800,615	602,358	561,540	495,105	501,705
Deferred Revenue	275,198	338,714	380,322	343,386	346,829
Advances Payable	286,860	278,023	263,500	361,964	382,476
Third-Party Payor liability	18,661	15,537	12,401	13,836	14,588
Total Liabilities	$ 2,071,912	$ 2,013,553	$ 2,094,264	$ 2,087,667	$ 2,253,165

EQUITY

	June 30, 2006	June 30, 2007	June 30, 2008	June 30, 2009	June 30, 2010
Fund Balance (Deficit)					
Reserved	$ 422,055	$ 478,280	$ 597,466	$ 539,851	$ 784,428
Unreserved					
Designated	1,522,411	1,235,325	1,152,639	971,579	618,899
Undesignated	793,812	1,366,839	1,624,335	1,655,388	1,592,484
Total Unreserved	2,316,223	2,602,164	2,776,974	2,626,967	2,211,383
Total Equity	2,738,278	3,080,444	3,374,440	3,166,818	2,995,811
Total Liabilities and Equity	$ 4,810,190	$ 5,093,997	$ 5,468,704	$ 5,254,485	$ 5,248,976

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

COUNTY OF LOS ANGELES

STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GENERAL FUND-GAAP BASIS FISCAL YEARS 2005-06 THROUGH 2009-10 (in thousands of $)

	2005-06	2006-07	2007-08	2008-09	2009-10
REVENUES:					
Taxes	$ 3,217,726	$ 3,572,932	$ 3,796,296	$ 3,970,566	$ 3,864,654
Licenses, Permits & Franchises	61,080	61,138	58,799	54,877	49,079
Fines, Forfeitures and Penalties	232,762	234,747	251,933	264,375	258,842
Use of Money and Property	226,005	294,511	280,803	183,772	124,049
Aid from Other Government	7,025,205	7,050,121	7,261,668	7,211,150	7,337,716
Charges for Services	1,357,380	1,467,608	1,695,004	1,654,173	1,659,224
Miscellaneous Revenues	211,059	189,636	282,818	198,837	191,878
TOTAL	$ 12,331,217	$ 12,870,693	$ 13,627,321	$ 13,537,750	$ 13,485,442
EXPENDITURES					
General	$ 751,214	$ 854,052	$ 919,534	$ 946,008	$ 859,319
Public Protection	3,473,835	3,855,819	4,222,644	4,420,786	4,412,935
Health and Sanitation	2,004,361	2,126,233	2,345,484	2,480,693	2,421,615
Public Assistance	4,333,920	4,410,224	4,619,225	4,796,019	5,025,312
Recreation and Cultural Services	197,749	217,221	231,584	242,999	247,094
Debt Service	285,640	294,301	308,207	247,248	271,378
Capital Outlay	22,533	818	97,270	772	2,115
Total	$ 11,069,252	$ 11,758,668	$ 12,743,948	$ 13,134,525	$ 13,239,768
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ 1,261,965	$ 1,112,025	$ 883,373	$ 403,225	$ 245,674
OTHER FINANCING SOURCES (USES):					
Operating Transfers from (to) Other Funds-Net	$ (874,946)	$ (771,788)	$ (780,902)	$ (612,505)	$ (419,756)
Sales of Capital Assets	1,997	1,111	1,036	886	2,115
Capital Leases	22,533	818	97,270	772	960
OTHER FINANCING SOURCES (USES)-Net	$ (850,416)	$ (769,859)	$ (682,596)	$ (610,847)	$ (416,681)
Excess (Deficiency) of Revenues and other Sources Over Expenditures and Other Uses	$ 411,549	$ 342,166	$ 200,777	$ (207,622)	$ (171,007)
Beginning Fund Balance	2,326,729	2,738,278	3,173,663	3,374,440	3,166,818
Residual Equity Transfers from (to) Other Funds-Net	0	0	0	0	0
Ending Fund Balance	$ 2,738,278	$ 3,080,444	$ 3,374,440	$ 3,166,818	$ 2,995,811

Sources: Comprehensive Annual Financial Reports for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
FUNDS AVAILABLE FOR INTRAFUND BORROWING

2010-11: 12 MONTHS ACTUAL
2011-12: 04 MONTHS ACTUAL

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2010-11
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
PROPERTY TAX GROUP						
Tax Collector Trust Fund	89,690	39,073	38,030	301,801	1,046,601	2,108,960
Auditor Unapportioned Property Tax	380,463	214,996	171,119	263,308	709,886	1,477,966
Unsecured Property Tax	167,122	66,662	132,197	148,028	122,325	87,748
Miscellaneous Fees & Taxes	7,837	18,895	26,992	14,068	10,577	10,285
State Redemption Fund	46,810	97,148	110,926	69,634	81,354	55,509
Education Revenue Augmentation	9,300	15,780	0	0	5,624	80,594
State Reimbursement Fund	0	0	0	0	488	10,223
Sales Tax Replacement Fund	2,607	11,321	19,355	19,355	19,768	53,331
Vehicle License Fee Replacement Fund	21,360	84,618	144,659	144,659	147,751	358,924
Property Tax Rebate Fund	(8,794)	(25,317)	(40,774)	(26,374)	(29,886)	(30,434)
Utility User Tax Trust Fund	6,239	6,144	6,378	8,118	5,159	10,750
Subtotal	$ 722,634	$ 529,320	$ 608,882	$ 942,597	$ 2,119,647	$ 4,223,856
VARIOUS TRUST GROUP						
Departmental Trust Fund	414,904	419,967	413,489	416,853	426,502	396,325
Payroll Revolving Fund	50,613	61,932	47,449	52,262	49,129	49,254
Asset Development Fund	38,660	38,673	38,776	38,801	38,855	38,863
Productivity Investment Fund	6,671	6,456	6,387	6,395	6,285	6,245
Motor Vehicle Capital Outlays	2,304	2,304	2,271	2,206	2,206	2,206
Civic Center Parking	499	106	117	168	258	169
Reporters Salary Fund	763	900	1,004	1,000	940	1,145
Cable TV Franchise Fund	8,487	7,948	8,484	8,639	8,611	8,526
Megaflex Long-Term Disability	19,220	19,243	19,207	19,249	19,210	19,161
Megaflex Long-Term Disability & Health	4,944	5,031	5,104	5,195	5,271	5,367
Megaflex Short-Term Disability	21,759	22,146	22,501	22,930	23,425	23,833
Subtotal	$ 568,824	$ 584,706	$ 564,789	$ 573,698	$ 580,692	$ 551,094
HOSPITAL GROUP						
Harbor-UCLA Medical Center	900	149	697	(51)	1,011	76
Olive View-UCLA Medical Center	(1,019)	785	727	91	1,392	3,069
LAC+USC Medical Center	(11,853)	(1,124)	(144)	(3,809)	(620)	3,210
MLK Ambulatory Care Center	(2,124)	298	(377)	(88)	18	(1,565)
Rancho Los Amigos Rehab Center	(263)	495	762	(146)	142	890
LAC+USC Medical Center Equipment	6,147	6,047	6,043	6,046	6,054	6,058
Subtotal	$ (8,212)	$ 6,650	$ 7,708	$ 2,043	$ 7,997	$ 11,738
GRAND TOTAL	**$ 1,283,246**	**$ 1,120,676**	**$ 1,181,379**	**$ 1,518,338**	**$ 2,708,336**	**$ 4,786,688**

Detail may not add due to rounding.
Source: Los Angeles County Auditor-Controller

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	
						PROPERTY TAX GROUP
1,322,395	401,207	549,267	1,591,680	363,756	110,255	**Tax Collector Trust Fund**
387,881	567,741	450,329	1,491,525	1,013,866	519,206	**Auditor Unapportioned Property Tax**
75,919	70,673	65,165	53,753	62,622	80,655	**Unsecured Property Tax**
8,732	7,894	7,736	7,741	7,943	7,964	**Miscellaneous Fees & Taxes**
30,313	34,166	30,949	29,853	17,781	19,557	**State Redemption Fund**
34,629	21,827	1,465	42,136	0	349	**Education Revenue Augmentation**
21,689	1,346	1,346	3,621	23,103	10,355	**State Reimbursement Fund**
83,523	19,323	28,111	55,128	71,154	0	**Sales Tax Replacement Fund**
547,834	146,137	201,127	370,167	460,677	0	**Vehicle License Fee Replacement Fund**
(29,660)	(19,694)	(19,681)	(20,593)	(19,209)	(21,089)	**Property Tax Rebate Fund**
6,113	7,286	12,587	16,721	22,078	21,965	**Utility User Tax Trust Fund**
$ 2,489,368	$ 1,257,906	$ 1,328,401	$ 3,641,732	$ 2,023,771	$ 749,217	**Subtotal**
						VARIOUS TRUST GROUP
399,133	397,959	444,162	422,994	404,032	404,790	**Departmental Trust Fund**
61,002	36,909	45,150	47,850	56,322	41,944	**Payroll Revolving Fund**
38,909	38,948	38,972	39,238	39,494	39,537	**Asset Development Fund**
6,245	6,032	6,190	5,891	5,890	5,645	**Productivity Investment Fund**
2,167	2,164	2,164	2,164	2,164	2,139	**Motor Vehicle Capital Outlays**
266	208	146	54	234	190	**Civic Center Parking**
977	937	1,006	993	959	904	**Reporters Salary Fund**
8,799	8,779	9,266	9,288	9,161	10,004	**Cable TV Franchise Fund**
19,161	19,150	19,189	19,199	19,201	19,237	**Megaflex Long-Term Disability**
5,448	5,500	5,599	5,671	5,769	5,802	**Megaflex Long-Term Disability & Health**
24,167	24,504	24,990	25,400	25,756	26,094	**Megaflex Short-Term Disability**
$ 566,274	$ 541,090	$ 596,834	$ 578,742	$ 568,982	$ 556,286	**Subtotal**
						HOSPITAL GROUP
4,625	2,431	2,859	1,679	(627)	1,210	**Harbor-UCLA Medical Center**
2,060	1,668	1,805	4,447	48	132	**Olive View-UCLA Medical Center**
6,776	7,020	6,412	(5,337)	1,709	9,052	**LAC + USC Medical Center**
(236)	(1,354)	(631)	(1,396)	(585)	(167)	**MLK Ambulatory Care Center**
341	(213)	1,073	174	(163)	1,561	**Rancho Los Amigos Rehab Center**
6,065	6,072	5,881	5,882	5,890	1,375	**LAC+USC Medical Center Equipment**
$ 19,631	$ 15,624	$ 17,399	$ 5,449	$ 6,272	$ 13,163	**Subtotal**
$ 3,075,273	**$ 1,814,620**	**$ 1,942,634**	**$ 4,225,923**	**$ 2,599,025**	**$ 1,318,666**	**GRAND TOTAL**

DRAFT

COUNTY OF LOS ANGELES BORROWABLE RESOURCES
AVERAGE DAILY BALANCES: Fiscal Year 2011-12
FUNDS AVAILABLE FOR INTRAFUND BORROWING (in thousands of $)

DRAFT

	July 2011	August 2011	September 2011	October 2011	Estimated November 2011	Estimated December 2011
PROPERTY TAX GROUP						
Tax Collector Trust Fund	63,119	37,569	34,476	313,703	1,088,465	2,193,318
Auditor Unapportioned Property Tax	424,944	176,780	155,871	205,077	738,281	1,537,085
Unsecured Property Tax	134,975	67,818	133,422	152,165	127,218	91,258
Miscellaneous Fees & Taxes	7,682	7,849	11,662	25,884	11,000	10,696
State Redemption Fund	40,926	71,880	68,451	52,786	84,608	57,729
Education Revenue Augmentation	16,296	15,001	0	0	5,849	83,818
State Reimbursement Fund	0	0	0	0	508	10,632
Sales Tax Replacement Fund	0	0	0	0	20,559	55,464
Vehicle License Fee Replacement Fund	11,695	94,496	157,705	157,705	153,661	373,281
Property Tax Rebate Fund	(11,223)	(25,990)	(36,756)	(57,662)	(31,081)	(31,651)
Utility User Tax Trust Fund	7,812	903	6,612	9,063	5,365	11,180
Subtotal	$ 696,226	$ 446,306	$ 531,443	$ 858,721	$ 2,204,433	$ 4,392,810
VARIOUS TRUST GROUP						
Departmental Trust Fund	445,183	444,842	448,248	419,295	426,502	396,325
Payroll Revolving Fund	46,662	45,767	42,822	54,396	49,129	49,254
Asset Development Fund	39,846	39,896	39,911	39,975	38,855	38,863
Productivity Investment Fund	5,173	5,102	5,126	5,129	6,285	6,245
Motor Vehicle Capital Outlays	2,122	2,122	2,122	2,122	2,206	2,206
Civic Center Parking	59	24	169	103	258	169
Reporters Salary Fund	671	977	628	761	940	1,145
Cable TV Franchise Fund	9,983	9,719	10,276	10,435	8,611	8,526
Megaflex Long-Term Disability	19,215	19,166	19,078	19,063	19,210	19,161
Megaflex Long-Term Disability & Health	5,882	5,964	6,061	6,136	5,271	5,367
Megaflex Short-Term Disability	26,423	26,802	27,145	27,512	23,425	23,833
Subtotal	$ 601,219	$ 600,381	$ 601,586	$ 584,927	$ 580,692	$ 551,094
HOSPITAL GROUP						
Harbor-UCLA Medical Center	7,992	4,627	3,088	1,069	1,000	1,000
Olive View-UCLA Medical Center	2,817	2,342	1,248	(4)	1,000	1,000
LAC+USC Medical Center	12,097	13,039	(789)	(85)	1,000	1,000
MLK Ambulatory Care Center	(2,087)	2,258	5,592	4,686	1,000	1,000
Rancho Los Amigos Rehab Center	3,687	890	426	607	1,000	1,000
LAC+USC Medical Center Equipment	0	0	0	0	5,000	5,000
Subtotal	$ 24,506	$ 23,156	$ 9,565	$ 6,273	$ 10,000	$ 10,000
GRAND TOTAL	**$ 1,321,951**	**$ 1,069,843**	**$ 1,142,594**	**$ 1,449,921**	**$ 2,795,125**	**$ 4,953,904**

Detail may not add due to rounding.

Source: Los Angeles County Auditor-Controller

Estimated January 2012	Estimated February 2012	Estimated March 2012	Estimated April 2012	Estimated May 2012	Estimated June 2012	
						PROPERTY TAX GROUP
1,375,291	417,255	571,238	1,655,347	712,422	130,869	**Tax Collector Trust Fund**
403,396	590,451	468,342	1,551,186	613,865	535,523	**Auditor Unapportioned Property Tax**
78,956	73,500	67,772	55,903	85,791	116,237	**Unsecured Property Tax**
9,081	8,210	8,045	8,051	8,756	8,443	**Miscellaneous Fees & Taxes**
31,526	35,533	32,187	31,047	31,414	22,910	**State Redemption Fund**
36,014	22,700	1,524	43,821	0	1,482	**Education Revenue Augmentation**
22,557	1,400	1,400	3,766	26,538	10,210	**State Reimbursement Fund**
86,864	20,096	29,235	57,333	94,884	0	**Sales Tax Replacement Fund**
569,747	151,982	209,172	384,974	506,135	3,314	**Vehicle License Fee Replacement Fund**
(30,846)	(20,482)	(20,468)	(21,417)	(33,260)	(17,944)	**Property Tax Rebate Fund**
6,358	7,577	13,090	17,390	35,790	10,855	**Utility User Tax Trust Fund**
$ 2,588,944	$ 1,308,222	$ 1,381,537	$ 3,787,401	$ 2,082,335	$ 821,899	**Subtotal**
						VARIOUS TRUST GROUP
399,133	397,959	444,162	422,994	415,335	411,210	**Departmental Trust Fund**
61,002	36,909	45,150	47,850	57,668	47,886	**Payroll Revolving Fund**
38,909	38,948	38,972	39,238	38,487	38,560	**Asset Development Fund**
6,245	6,032	6,190	5,891	7,301	6,976	**Productivity Investment Fund**
2,167	2,164	2,164	2,164	2,303	2,304	**Motor Vehicle Capital Outlays**
266	208	146	54	45	383	**Civic Center Parking**
977	937	1,006	993	477	989	**Reporters Salary Fund**
8,799	8,779	9,266	9,288	8,721	9,105	**Cable TV Franchise Fund**
19,161	19,150	19,189	19,199	19,288	19,213	**Megaflex Long-Term Disability**
5,448	5,500	5,599	5,671	4,757	4,836	**Megaflex Long-Term Disability & Health**
24,167	24,504	24,990	25,400	20,992	21,354	**Megaflex Short-Term Disability**
$ 566,274	$ 541,090	$ 596,834	$ 578,742	$ 575,374	$ 562,816	**Subtotal**
						HOSPITAL GROUP
1,000	1,000	1,000	1,000	1,000	1,000	**Harbor-UCLA Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**Olive View-UCLA Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**LAC + USC Medical Center**
1,000	1,000	1,000	1,000	1,000	1,000	**MLK Ambulatory Care Center**
1,000	1,000	1,000	1,000	1,000	1,000	**Rancho Los Amigos Rehab Center**
5,000	5,000	5,000	5,000	5,000	5,000	**LAC+USC Medical Center Equipment**
$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	$ 10,000	**Subtotal**
$ 3,165,218	**$ 1,859,312**	**$ 1,988,371**	**$ 4,376,143**	**$ 2,667,709**	**$ 1,394,715**	**GRAND TOTAL**

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW STATEMENTS

2010-11: 12 MONTHS ACTUAL
2011-12: 04 MONTHS ACTUAL

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2010-11
(in thousands of $)

	July 2010	August 2010	September 2010	October 2010	November 2010	December 2010
BEGINNING BALANCE	$ 727,012	$ 1,438,648	$ 1,097,190	$ 529,972	$ 64,668	$ (90,485)
RECEIPTS						
Property Taxes	$ 97,946	$ 97,638	$ 121	$ 50	$ 58,432	$ 962,558
Other Taxes	5,598	19,151	8,842	15,548	8,095	7,935
Licenses, Permits & Franchises	2,339	6,934	3,307	2,238	1,561	2,988
Fines, Forfeitures & Penalties	33,529	24,455	13,267	14,406	24,365	12,475
Investment and Rental Income	22,740	8,603	6,772	11,270	8,547	7,492
Motor Vehicle (VLF) Realignment	26,770	37,556	46,972	34,443	31,394	32,736
Sales Taxes - Proposition 172	52,034	41,966	40,992	40,426	48,643	39,851
Sales Taxes Program Realignment	64,439	64,139	50,224	47,818	54,413	48,090
Other Intergovernmental Revenue	103,644	102,195	89,966	62,921	126,361	211,190
Charges for Current Services	110,636	115,602	86,245	94,405	98,969	229,134
Other Revenue & Tobacco Settlement	110,337	23,626	14,122	19,637	18,329	30,516
Transfers & Reimbursements	7,003	1,442	5,078	13,331	12,217	14,078
Hospital Loan Repayment	40,960	171,783	21,303	109,944	222,498	106,135
Welfare Advances	182,656	301,799	278,348	434,051	443,762	368,050
Mental Health Services Act Funding	113,690	0	0	28,107	62	31,802
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,500,000	0	0	13,956	0	0
Total Receipts	$ 2,474,321	$ 1,016,889	$ 665,559	$ 942,551	$ 1,157,648	$ 2,105,030
DISBURSEMENTS						
Welfare Warrants	$ 194,893	$ 212,117	$ 201,988	$ 274,598	$ 226,538	$ 215,643
Salaries	382,098	397,636	380,087	378,373	380,451	389,953
Employee Benefits	567,720	68,039	197,385	146,326	204,457	208,208
Vendor Payments	423,446	351,442	297,977	266,752	318,469	267,194
Loans to Hospitals	0	6,277	60,135	244,375	138,754	107,981
Hospital Subsidy Payments	164,601	303,185	91,827	23,746	8,664	31,892
Transfer Payments	29,927	19,651	3,378	73,685	35,468	7,098
TRANs Pledge Transfer	0	0	0	0	0	465,000
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,762,685	$ 1,358,347	$ 1,232,777	$ 1,407,855	$ 1,312,801	$ 1,692,969
ENDING BALANCE	**$ 1,438,648**	**$ 1,097,190**	**$ 529,972**	**$ 64,668**	**$ (90,485)**	**$ 321,576**
Borrowable Resources (Avg. Balance)	$ 1,283,246	$ 1,120,676	$ 1,181,379	$ 1,518,338	$ 2,708,336	$ 4,786,688
Total Cash Available	$ 2,721,894	$ 2,217,866	$ 1,711,351	$ 1,583,006	$ 2,617,851	$ 5,108,264

January 2011	February 2011	March 2011	April 2011	May 2011	June 2011	Total 2010-11
$ 321,576	$ 484,230	$ 150,599	$ (228,785)	$ (128,164)	$ 628,637	
$ 807,609	$ 166,630	$ 11,981	$ 718,409	$ 803,733	$ 8,715	$ 3,733,822
21,692	6,834	7,297	7,064	7,804	22,047	137,907
2,411	8,221	9,177	9,481	4,650	3,492	56,799
14,271	29,733	17,928	14,873	30,466	13,136	242,904
9,692	10,447	9,545	7,745	10,518	10,211	123,582
33,110	30,021	33,879	38,556	27,204	29,038	401,679
38,219	59,599	52,448	38,993	53,072	45,010	551,253
46,963	74,900	64,140	46,418	65,698	54,373	681,615
215,123	99,148	77,020	200,395	191,582	141,041	1,620,586
151,288	113,870	95,335	193,184	155,365	130,676	1,574,709
23,652	14,707	26,284	102,196	24,339	43,462	451,207
18,352	16,920	5,193	9,600	10,223	18,908	132,345
27,344	49,422	366,636	33,131	400,955	141,690	1,691,801
433,834	277,603	309,954	504,088	302,794	433,765	4,270,704
18,232	20,282	35,586	20,688	32,620	15,263	316,332
0	0	0	0	0	0	0
0	0	0	0	0	0	1,513,956
$ 1,861,792	$ 978,337	$ 1,122,403	$ 1,944,821	$ 2,121,023	$ 1,110,827	$ 17,501,201
$ 221,420	$ 234,049	$ 227,727	$ 214,733	$ 236,506	$ 230,295	$ 2,690,507
389,504	388,136	378,366	386,085	375,822	377,097	4,603,608
183,377	195,503	200,086	164,162	181,838	158,972	2,476,073
277,491	258,791	311,005	255,870	319,803	264,593	3,612,833
130,919	82,468	253,899	374,615	182,358	128,077	1,709,858
(233)	0	0	(14,991)	0	0	608,691
91,660	3,021	10,704	76,103	67,895	12,428	431,018
405,000	150,000	120,000	387,623	0	0	1,527,623
0	0	0	0	0	0	0
$ 1,699,138	$ 1,311,968	$ 1,501,787	$ 1,844,200	$ 1,364,222	$ 1,171,462	$ 17,660,211
$ 484,230	**$ 150,599**	**$ (228,785)**	**$ (128,164)**	**$ 628,637**	**$ 568,002**	
$ 3,075,273	$ 1,814,620	$ 1,942,634	$ 4,225,923	$ 2,599,025	$ 1,318,666	
$ 3,559,503	$ 1,965,219	$ 1,713,849	$ 4,097,759	$ 3,227,662	$ 1,886,668	

COUNTY OF LOS ANGELES
GENERAL FUND CASH FLOW ANALYSIS
FISCAL YEAR 2011-12
(in thousands of $)

	July 2011	August 2011	September 2011	October 2011	Estimated November 2011	Estimated December 2011
BEGINNING BALANCE	$ 568,002	$ 1,522,684	$ 1,319,842	$ 909,737	$ 419,044	$ 36,371
RECEIPTS						
Property Taxes	$ 88,164	$ 94,297	$ 739	$ 20	$ 67,250	$ 964,919
Other Taxes	27,857	9,037	8,945	16,728	8,901	8,748
Licenses, Permits & Franchises	1,516	5,301	4,126	3,416	1,461	2,797
Fines, Forfeitures & Penalties	32,221	25,197	11,476	13,038	25,272	12,939
Investment and Rental Income	19,885	8,568	6,419	7,635	9,326	7,911
Motor Vehicle (VLF) Realignment	36,843	49,423	38,885	25,190	32,631	34,025
Sales Taxes - Proposition 172	53,248	46,097	45,271	45,561	49,356	40,435
Sales Taxes Program Realignment	67,972	21,680	112,651	66,499	52,413	46,322
Other Intergovernmental Revenue	173,658	236,590	108,855	132,835	106,927	140,955
Charges for Current Services	210,319	97,334	93,124	113,107	96,250	195,622
Other Revenue & Tobacco Settlement	73,412	34,089	9,414	11,242	23,521	27,636
Transfers & Reimbursements	9,116	3,121	121	12,874	12,579	14,317
Hospital Loan Repayment	75,849	295,436	73,226	8,188	0	245,019
Welfare Advances	151,882	300,945	266,236	532,541	461,644	385,255
Mental Health Services Act Funding	108,308	0	0	132	0	28,469
Intrafund Borrowings	0	0	0	0	0	0
TRANs Sold	1,300,000	0	0	0	0	0
Total Receipts	$ 2,430,250	$ 1,227,115	$ 779,488	$ 989,006	$ 947,530	$ 2,155,369
DISBURSEMENTS						
Welfare Warrants	$ 191,872	$ 210,504	$ 234,244	$ 234,444	$ 245,451	$ 247,437
Salaries	387,496	384,254	377,532	377,340	404,797	409,781
Employee Benefits	201,511	208,320	160,560	192,698	231,531	235,778
Vendor Payments	461,093	378,887	228,851	435,688	305,290	256,137
Loans to Hospitals	20,987	33,112	29,972	124,591	104,022	138,860
Hospital Subsidy Payments	194,998	194,873	154,665	31,828	0	0
Transfer Payments	17,611	20,007	3,769	83,110	39,114	7,828
TRANs Pledge Transfer	0	0	0	0	0	480,856
Intrafund Repayment	0	0	0	0	0	0
Total Disbursements	$ 1,475,568	$ 1,429,957	$ 1,189,593	$ 1,479,699	$ 1,330,204	$ 1,776,677
ENDING BALANCE	**$ 1,522,684**	**$ 1,319,842**	**$ 909,737**	**$ 419,044**	**$ 36,371**	**$ 415,062**
Borrowable Resources(Avg. Balance)	$ 1,321,951	$ 1,069,843	$ 1,142,594	$ 1,449,921	$ 2,795,125	$ 4,953,904
Total Cash Available	$ 2,844,635	$ 2,389,685	$ 2,052,331	$ 1,868,965	$ 2,831,496	$ 5,368,966

Estimated January 2012	Estimated February 2012	Estimated March 2012	Estimated April 2012	Estimated May 2012	Estimated June 2012	Estimated Total 2011-12
$ 415,062	$ 559,051	$ 203,713	$ (415,463)	$ (55,778)	$ 182,650	
$ 810,092	$ 169,823	$ 12,763	$ 721,044	$ 807,707	$ 8,742	$ 3,745,560
23,227	7,565	8,094	7,701	8,586	23,578	158,967
2,257	7,696	8,590	8,875	4,353	3,269	53,657
14,802	30,840	18,596	15,427	31,600	13,625	245,034
10,805	12,132	10,782	8,932	11,666	11,495	125,556
34,414	31,204	35,213	40,075	28,276	30,182	416,360
38,779	60,472	53,217	39,564	53,850	45,670	571,520
45,236	72,146	61,782	44,712	63,283	52,374	707,070
121,656	83,747	76,352	102,092	101,212	73,372	1,458,252
136,918	100,989	91,730	185,127	127,195	123,353	1,571,067
21,243	20,276	23,782	101,421	22,341	21,882	390,259
18,763	17,166	8,219	7,009	10,447	19,300	133,031
276,480	104,433	18,176	328,198	43,533	340,810	1,809,348
456,025	303,750	310,607	523,831	315,117	450,833	4,458,666
24,110	18,157	31,855	18,519	-	24,245	253,794
0	0	0	0	0	0	0
0	0	0	0	0	0	1,300,000
$ 2,034,809	$ 1,040,395	$ 769,759	$ 2,152,526	$ 1,629,165	$ 1,242,729	$ 17,398,142
$ 256,431	$ 264,611	$ 256,471	$ 239,290	$ 254,179	$ 259,224	$ 2,894,158
409,310	407,872	402,606	405,717	399,932	401,272	4,767,908
212,601	221,391	226,581	190,841	210,858	184,964	2,477,633
266,008	248,082	298,135	245,281	306,569	253,644	3,683,664
260,940	120,446	128,338	373,337	149,151	264,855	1,748,611
0	0	0	0	0	0	576,364
95,531	3,332	11,804	78,375	70,048	13,705	444,235
390,000	130,000	65,000	260,000	0	0	1,325,856
0	0	0	0	0	0	0
$ 1,890,820	$ 1,395,734	$ 1,388,934	$ 1,792,841	$ 1,390,737	$ 1,377,664	$ 17,918,429
$ 559,051	**$ 203,713**	**$ (415,463)**	**$ (55,778)**	**$ 182,650**	**$ 47,716**	
$ 3,165,218	$ 1,859,312	$ 1,988,371	$ 4,376,143	$ 2,667,709	$ 1,394,715	
$ 3,724,269	$ 2,063,025	$ 1,572,908	$ 4,320,365	$ 2,850,359	$ 1,442,431	

COUNTY OF LOS ANGELES
CALIFORNIA

DEBT SUMMARY

INTRODUCTION

The County has issued various types of notes, bonds, and certificates to finance and refinance its cash management requirements, the replacement of essential equipment, and the acquisition, construction and/or improvement of government buildings and public facilities. The County has not entered into any swap agreements, or other similar interest rate derivative contracts, in connection with its outstanding debt.

OUTSTANDING OBLIGATIONS

As of July 1, 2011, approximately $1.4 billion in intermediate and long-term obligations were outstanding. The General Fund is responsible for repayment of $1.0 billion of the outstanding debt. Revenues from special districts, special funds and enterprise funds secured the remaining $400.0 million in outstanding obligations.

As of November 1, 2011, the General Fund was responsible for only $86.1 million of the $152.1 million in payments due in Fiscal Year 2011-12 for intermediate and long-term obligations. The table below identifies the funding sources for the debt payments due in 2011-12.

COUNTY OF LOS ANGELES
ADDITIONAL FUNDING SOURCES FOR REPAYMENT OF COUNTY INTERMEDIATE AND LONG-TERM OBLIGATIONS

2011-12 Payments

Funding Source	2011-12 Payment
Total 2011-12 Payment Obligation	$152,066,688
Less: Sources of Non-General Fund Entities:	
Hospital Enterprise Fund	21,038,606
Courthouse Construction Funds	31,547,024
Special Districts/Special Funds	3,219,346
Net 2011-12 General Fund Obligation	$96,261,712

Source: Los Angeles County Chief Executive Office

The principal amount of the outstanding General County intermediate and long-term debt obligations decreased to $1.381 billion as of November 1, 2011, which includes debt issuance and repayment activity in Fiscal Year 2011-12. An additional $1.3 billion in TRANs, $80.5 million in Bond Anticipation Notes, and $206.0 million in Tax-Exempt Commercial Paper Notes were also outstanding as of November 1, 2011. The following table summarizes the outstanding General County debt and note obligations.

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING PRINCIPAL

As of November 1, 2011 (in thousands)

Type of Obligation	Outstanding Principal
Total County	
Short-Term Obligations:	
Tax and Revenue Anticipation Notes	$ 1,300,000.0
Bond Anticipation Notes	80,500.0
Tax-Exempt Commercial Paper	206,000.0
Intermediate & Long-Term Obligations	
Lease Obligations	1,381,220.5
Total Outstanding Principal	$ 2,967,720.5

Source: Los Angeles County Chief Executive Office

The tables at the end of this section provide a detailed summary of the funding sources for the County's outstanding obligations and future debt service payments.

SHORT-TERM OBLIGATIONS

Tax and Revenue Anticipation Notes

In 1977, the County implemented a cash management program to finance its General Fund cash flow deficits, which occur periodically during the fiscal year. Since the program's inception, the County has annually sold varying amounts of tax anticipation notes and tax and revenue anticipation notes (including commercial paper).

Pursuant to a resolution adopted by the Board of Supervisors on May 17, 2011, the County issued $1.3 billion of 2011-12 TRANs on July 1, 2011, with three tranche maturities: $300.0 million due February 29, 2012, $500.0 million due March 30, 2012 and $500.0 million due June 29, 2012. The 2011-12 TRANs are secured by a pledge of the first unrestricted taxes, income, revenue, and cash receipts received by the County during Fiscal Year 2011-12, in the amounts, and on the dates specified in the Financial Summary Section under the heading "2011-12 Tax and Revenue Anticipation Notes" of this Appendix A. Deposit obligations to the Repayment Fund for the 2011-12 TRANs will be satisfied in full as of April 2012.

Bond Anticipation Notes

The County is currently utilizing the proceeds from the issuance of Bond Anticipation Notes ("BANs") to provide an interim source of funding for the acquisition of equipment on behalf of the County General Fund. The BANs are issued by the Los Angeles County Capital Asset Leasing Corporation ("LAC-CAL") and are purchased by the County Treasury Pool under terms and conditions established by the Board of Supervisors. The BANs are payable within three years of their initial issuance from the proceeds of long-term bonds or other available funds. Repayment is secured by lease agreements between the County and LAC-CAL and a pledge of the acquired equipment. As of November 1, 2011, $80.5 million in BANs are outstanding. The County expects to repay the outstanding BANs in full with the proceeds of intermediate-term bonds to be issued by LAC-CAL on or before December 31, 2011.

Commercial Paper Program

The County has authorized a maximum of $400 million of Lease Revenue Commercial Paper Notes (the "Commercial Paper Notes") to finance construction costs on various capital projects. Repayment of the Commercial Paper Notes is secured by four Irrevocable, Direct-Pay Letters of Credit ("LOC") issued by JP Morgan Chase Bank, Bank of America, Wells Fargo Bank and Union Bank, and a lease-revenue financing structure between LAC-CAL and the County, which includes twenty-five County-owned properties pledged as collateral to support the LOC. The four LOC agreements, which expire on April 26, 2013, provide credit enhancement to support the issuance of both tax-exempt and taxable Commercial Paper Notes. As of November 1, 2011, $206.0 million of tax-exempt Commercial Paper Notes are outstanding. The Commercial Paper Notes provide the County with a flexible and cost-effective source of financing to provide interim funding during the initial construction phase of a capital project, which may be refinanced with the issuance of long-term bonds upon completion.

INTERMEDIATE AND LONG-TERM OBLIGATIONS

Pension Obligations

The County has periodically issued bonds or certificates to fund its UAAL for the retirement benefits of its employees. The obligation of the County to make payments with respect to these bonds and certificates represents an absolute and unconditional obligation imposed by law and is not limited to any special source of funds. In July 2010, the County deposited the final principal payment with the trustee in the approximate amount of $118.5 million, which was used to fund the final debt service payment for its maturing pension obligations on June 30, 2011. The County does not presently have any pension obligation debt authorization.

Lease Obligations

Since 1962, the County has financed its capital project and equipment replacement program through various lease arrangements with joint powers authorities and nonprofit corporations, which have issued lease revenue bonds or certificates of participation. As of July 1, 2011, approximately $1.4 billion in principal remained outstanding on such obligations. The County's lease obligations are secured by revenues from various funding sources, including the General Fund, and are subject to annual appropriation. The 2011-12 Preliminary Budget contains sufficient appropriations to fund the County's payment obligations in Fiscal Year 2011-12. The County's Board of Supervisors has never failed to appropriate sufficient funding for such obligations, nor has the County abated payments on any of its lease-revenue financings to date.

DEBT RATIOS

The ratio of the General Fund's outstanding debt to total assessed valuations increased from 0.081% in 2010 to 0.138% in 2011. The following table provides the ratio of the General Fund's outstanding debt to total assessed valuation over the past ten years.

COUNTY OF LOS ANGELES
DEBT RATIOS - Principal as a percent of total valuation on July 1

Year	Outstanding Principal (1)	Total Assessed Valuation	% of Principal to Valuation
2002	3,404,067,514	605,942,874,836	0.562%
2003	3,093,060,550	656,073,063,881	0.471%
2004	2,785,149,946	709,671,759,735	0.392%
2005	2,387,949,433	783,342,364,874	0.305%
2006	1,786,504,365	872,103,795,877	0.205%
2007	1,441,826,104	953,468,123,997	0.151%
2008	1,180,113,183	1,020,346,376,948	0.116%
2009	972,937,056	1,013,549,301,342	0.096%
2010	805,297,030	997,502,481,662	0.081%
2011	1,397,467,754	1,013,260,968,402	0.138%

Source: Los Angeles County Chief Executive Office and Auditor-Controller

TOBACCO BONDS

On February 8, 2006 the California County Tobacco Securitization Agency (the "Agency"), a Joint Exercise of Powers Authority, issued $319.8 million in Tobacco Settlement Asset-Backed Bonds (the "Tobacco Bonds") for the purpose of loaning the proceeds to the Los Angeles County Securitization Corporation (the "Corporation"). The Corporation used the Tobacco Bond proceeds to purchase 25.9% of the County's annual TSRs paid by the tobacco companies participating in the MSA. The Tobacco Bonds are secured by the 25.9% portion of the annual TSRs, and are not considered a debt obligation of the County.

DPSS OPERATING LEASES

Beginning January 28, 1999 through July 28, 2005, the County entered into several build to suit operating and capital lease agreements with various organizations whereby the County would lease buildings and improvements for use by County Departments including the Department of Public Social Services (the "DPSS Facilities"). In order to facilitate building construction required for the DPSS Facilities, financing was obtained through the sale of Certificates of Participation ("COPs") and Lease Revenue Bonds with the periodic lease payments pledged as security for repayment of the COPs and Bonds. Although these financings are categorized as leases in the County's financial statements, the ultimate obligor for the outstanding debt securities is the County General Fund. The principal amount of the outstanding underlying COPs and Bond obligations decreased to $275.7 million as of November 1, 2011 due to repayment activity in Fiscal Year 2011-121.

DEBT SUMMARY TABLES

The tables on the following pages provide:

1. A summary of the combined principal and interest payments due on General County obligations and the aggregate principal outstanding for each fiscal year by funding source;
2. A detail of the 2011-12 payments on General County obligations by funding source and debt issue;
3. A detail of the principal outstanding in 2011-12 on General County debt issues by funding source and debt issue;
4. A summary of the outstanding principal, future payments and current year payments due on General County obligations as of November 1, 2011 ; and
5. The County's overlapping debt statement as of November 1, 2011.

COUNTY OF LOS ANGELES
DEBT SUMMARY TABLES

REPORTS AS OF JULY 1, 2011

COMBINED PRINCIPAL AND INTEREST OBLIGATIONS AND OUTSTANDING PRINCIPAL BY FUNDING SOURCE

ENTIRE CURRENT FISCAL YEAR DEBT SERVICE OBLIGATIONS BY FUNDING SOURCE

OUTSTANDING PRINCIPAL BY FUNDING SOURCE

REPORTS AS OF NOVEMBER 1, 2011

SUMMARY OF OUTSTANDING GENERAL COUNTY OBLIGATIONS

ESTIMATED OVERLAPPING DEBT STATEMENT

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE (1)
AS OF JULY 1, 2011

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Annual Debt Service
2011-12	$ 96,261,712	$ 21,038,605	$ 31,547,024	$ 3,219,346	$ 152,066,688
2012-13	98,965,985	18,853,245	25,709,969	3,285,646	146,814,844
2013-14	80,890,381	17,098,477	27,324,194	3,347,721	128,660,774
2014-15	93,415,695	16,118,727	26,513,038	3,415,709	139,463,168
2015-16	78,350,386	14,471,134	25,635,249	3,486,084	121,942,852
2016-17	72,117,756	5,684,932	21,865,780	3,554,834	103,223,301
2017-18	71,104,015	-	16,975,475	3,625,159	91,704,648
2018-19	71,915,396	-	16,976,475	3,696,640	92,588,511
2019-20	72,748,490	-	16,965,725	3,773,750	93,487,965
2020-21	73,552,315	-	16,957,350	3,846,250	94,355,915
2021-22	74,449,921	-	16,954,300	3,927,000	95,331,221
2022-23	75,388,340	-	16,951,625	-	92,339,965
2023-24	51,205,015	-	16,943,875	-	68,148,890
2024-25	51,186,240	-	16,933,500	-	68,119,740
2025-26	51,174,824	-	16,929,000	-	68,103,824
2026-27	51,163,061	-	16,918,875	-	68,081,936
2027-28	51,150,576	-	16,906,750	-	68,057,326
2028-29	51,134,330	-	16,905,750	-	68,040,080
2029-30	51,121,161	-	16,893,613	-	68,014,774
2030-31	51,102,782	-	9,432,600	-	60,535,382
2031-32	51,085,787	-	9,431,488	-	60,517,275
2032-33	51,071,404	-	6,918,000	-	57,989,404
2033-34	51,050,860	-	6,918,750	-	57,969,610
2034-35	51,033,671	-	-	-	51,033,671
2035-36	51,013,918	-	-	-	51,013,918
2036-37	50,991,988	-	-	-	50,991,988
2037-38	50,973,919	-	-	-	50,973,919
2038-39	50,950,219	-	-	-	50,950,219
2039-40	50,931,518	-	-	-	50,931,518
2040-41	50,909,647	-	-	-	50,909,647
2041-42	-	-	-	-	-
Total	$ 1,878,411,310	$ 93,265,118	$ 411,508,406	$ 39,178,139	$ 2,422,362,971

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2011

Fiscal Year	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds	Total Outstanding Principal
2011-12	$ 1,012,904,861	$ 83,036,248	$ 271,616,645	$ 29,910,000	$ 1,397,467,754
2012-13	977,333,292	65,495,178	252,834,288	28,050,000	1,323,712,758
2013-14	931,355,877	49,377,538	239,074,099	26,040,000	1,245,847,515
2014-15	902,278,618	34,279,455	223,014,357	23,875,000	1,183,447,430
2015-16	859,903,277	19,440,996	207,011,017	21,550,000	1,107,905,289
2016-17	831,900,806	5,556,353	191,140,940	19,050,000	1,047,648,098
2017-18	809,948,779	-	178,385,000	16,375,000	1,004,708,779
2018-19	788,953,152	-	170,020,000	13,520,000	972,493,152
2019-20	767,115,857	-	161,225,000	10,475,000	938,815,857
2020-21	744,393,886	-	151,990,000	7,225,000	903,608,886
2021-22	712,630,000	-	142,290,000	3,740,000	858,660,000
2022-23	670,450,000	-	132,110,000	-	802,560,000
2023-24	625,470,000	-	121,425,000	-	746,895,000
2024-25	602,940,000	-	110,200,000	-	713,140,000
2025-26	579,385,000	-	98,410,000	-	677,795,000
2026-27	554,680,000	-	86,020,000	-	640,700,000
2027-28	528,765,000	-	73,005,000	-	601,770,000
2028-29	501,570,000	-	59,335,000	-	560,905,000
2029-30	473,035,000	-	44,965,000	-	518,000,000
2030-31	443,090,000	-	29,895,000	-	472,985,000
2031-32	411,670,000	-	21,735,000	-	433,405,000
2032-33	378,700,000	-	13,170,000	-	391,870,000
2033-34	344,100,000	-	6,750,000	-	350,850,000
2034-35	307,795,000	-	-	-	307,795,000
2035-36	269,680,000	-	-	-	269,680,000
2036-37	229,650,000	-	-	-	229,650,000
2037-38	187,610,000	-	-	-	187,610,000
2038-39	143,600,000	-	-	-	143,600,000
2039-40	97,705,000	-	-	-	97,705,000
2040-41	49,865,000	-	-	-	49,865,000
2041-42	-	-	-	-	-

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
COMBINED PRINCIPAL AND INTEREST OBLIGATIONS BY FUNDING SOURCE
AS OF JULY 1, 2011

Title	Total Debt Service	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 12,540,000	$ 12,540,000			
1998 Refg COPs: Disney Parking Project	3,073,123	3,073,123			
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	3,626,150			$ 3,626,150	
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	1,064,142			1,064,142	
Sheriffs Training Academy	878,475	878,475			
San Fernando Court	1,471,383			1,471,383	
Total 2002 Lease Rev Bonds Ser B	$ 3,414,000	$ 878,475	$ 0	$ 2,535,525	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 773,938	$ 773,938			
Alhambra Courthouse	583,554			$ 583,554	
Burbank Courthouse	762,230			762,230	
Ameron Building (Sheriff Headquarters)	2,509,337	2,509,337			
Biscailuz Center	222,176	222,176			
Emergency Operations Center	1,964,622	1,964,622			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	1,486,121		$ 1,486,121		
Martin Luther King Medical Center - Trauma Center	6,226,501		6,226,501		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	103,282		103,282		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	4,399,161		4,399,161		
Rancho Los Amigos Medical Center - Parking Structure	1,640,700		1,640,700		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	687,054		687,054		
San Fernando Valley Juvenile Hall	977,406	977,406			
LAC/USC Medical Center Marengo Street Parking Garage	2,602,322		2,602,322		
LAX Area Courthouse	6,945,582			6,945,582	
San Fernando Valley Courthouse (Chatsworth)	5,501,739			5,501,739	
Harbor Med Center E.P.S.	1,255,414		1,255,414		
Total 2005 Lease Rev Refg Bonds Ser A	$ 38,641,139	$ 6,447,479	$ 18,400,556	$ 13,793,105	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 3,219,346				$ 3,219,346
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 1,223,038			$ 1,223,038	
Lynwood Regional Justice Center	10,655,450	$ 10,655,450			
Men's Central Jail - Twin Towers	10,057,200	10,057,200			
Hutton Building - Registrar / Recorder Headquarters	2,660,350	2,660,350			
Pomona Municipal Courthouse	430,950			430,950	
Pitchess Honor Rancho Laundry Expansion	207,800	207,800			
Pitchess Honor Rancho Visitors Center	509,350	509,350			
Mira Loma Men's Medium Security Facility	368,825	368,825			
Temple City Sheriff Station	873,050	873,050			
Van Nuys Courthouse	3,021,125			3,021,125	
Total 2006 Lease Rev Refg Bonds Ser A	$ 30,007,138	$ 25,332,025	$ 0	$ 4,675,113	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 6,917,131			$ 6,917,131	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 218,057	$ 218,057			
Patriotic Hall Renovation	352,122	352,122			
Olive View Medical Center ER/TB Unit	405,737	405,737			
Olive View Medical Center Seismic	167,148	167,148			
Harbor/UCLA Surgery/ Emergency	2,542,536	2,542,536			
Harbor/UCLA Seismic Retrofit	392,070	392,070			
Hall of Justice Rehabilitation	1,817,838	1,817,838			
Total 2010 Multiple Capital Projects I, Series A	$ 5,895,507	$ 5,895,507	$ 0	$ 0	$ 0
2010 Multiple Capital Projects I, Federally Taxable Series B:					
Coroners Expansion/ Refurbishment	$ 1,386,271	$ 1,386,271			
Patriotic Hall Renovation	2,238,578	2,238,578			
Olive View Medical Center ER/TB Unit	2,579,427	2,579,427			
Olive View Medical Center Seismic	1,062,623	1,062,623			
Harbor/UCLA Surgery/ Emergency	16,163,890	16,163,890			
Harbor/UCLA Seismic Retrofit	2,492,541	2,492,541			
Hall of Justice Rehabilitation	11,556,700	11,556,700			
Total 2010 Multiple Capital Projects I, Series B	$ 37,480,029	$ 37,480,029	$ 0	$ 0	$ 0
Total Long-Term Capital Projects	$ 144,813,563	$ 91,646,637	$ 18,400,556	$ 31,547,024	$ 3,219,346
Total Long-Term Obligations	$ 144,813,563	$ 91,646,637	$ 18,400,556	$ 31,547,024	$ 3,219,346
Intermediate-Term Obligations					
Equipment					
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 6,595,125	$ 3,957,075	$ 2,638,050		
Total Equipment	$ 6,595,125	$ 3,957,075	$ 2,638,050	$ 0	$ 0
Taxable Bonds					
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 658,000	$ 658,000			
Total Intermediate-Term Obligations	$ 7,253,125	$ 4,615,075	$ 2,638,050	$ 0	$ 0
Total Obligations	$ 152,066,688	$ 96,261,712	$ 21,038,606	$ 31,547,024	$ 3,219,346

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
OUTSTANDING PRINCIPAL BY FUNDING SOURCE
AS OF JULY 1, 2011

Title	Total Outstanding Principal	General Fund	Hospital Enterprise Fund	Courthouse Construction Fund	Special Districts / Special Funds
Long-Term Obligations					
Long-Term Capital Projects					
1993 COPs: Disney Parking Project	$ 30,892,754	$ 30,892,754			
1998 Refg COPs: Disney Parking Project	58,285,000	58,285,000			
2002 Lease Rev Bonds Ser A: Edmund D. Edelman Children's Court	3,470,000			$ 3,470,000	
2002 Lease Rev Bonds Ser B:					
Downey Courhouse	5,339,414			5,339,414	
Sheriffs Training Academy	4,407,809	4,407,809			
San Fernando Court	7,382,777			7,382,777	
Total 2002 Lease Rev Bonds Ser B	$ 17,130,000	$ 4,407,809	$ 0	$ 12,722,191	$ 0
2005 Lease Rev Refg Bonds Ser A:					
Music Center Improvements	$ 3,267,380	$ 3,267,380			
Alhambra Courthouse	1,924,639			$ 1,924,639	
Burbank Courthouse	3,558,707			3,558,707	
Ameron Building (Sheriff Headquarters)	7,464,446	7,464,446			
Biscailuz Center	663,245	663,245			
Emergency Operations Center	7,111,141	7,111,141			
Harbor/UCLA Medical Center - Primary Care & Diagnostic Center	5,587,634		$ 5,587,634		
Martin Luther King Medical Center - Trauma Center	30,890,863		30,890,863		
Martin Luther King Medical Center - Modular Building (Ped. Trauma)	322,555		322,555		
Rancho Los Amigos Medical Center - 150 Bed Inpatient Unit A	19,302,066		19,302,066		
Rancho Los Amigos Medical Center - Parking Structure	7,204,747		7,204,747		
Rancho Los Amigos Medical Center - Master Plan II (Utilities)	2,125,793		2,125,793		
San Fernando Valley Juvenile Hall	4,665,086	4,665,086			
LAC/USC Medical Center Marengo Street Parking Garage	11,410,340		11,410,340		
LAX Area Courthouse	76,294,454			76,294,454	
San Fernando Valley Courthouse (Chatsworth)	60,421,654			60,421,654	
Harbor Med Center E.P.S.	2,030,248		2,030,248		
Total 2005 Lease Rev Refg Bonds Ser A	$ 244,245,000	$ 23,171,298	$ 78,874,249	$ 142,199,454	$ 0
2005 Lease Revenue Bonds: Calabasas Landfill Project	$ 29,910,000				$ 29,910,000
2006 Lease Rev Refg Bonds Ser A:					
East Los Angeles Courthouse	$ 5,985,000			$ 5,985,000	
Lynwood Regional Justice Center	40,660,000	40,660,000			
Men's Central Jail - Twin Towers	38,425,000	38,425,000			
Hutton Building - Registrar / Recorder Headquarters	3,405,000	3,405,000			
Pomona Municipal Courthouse	545,000			545,000	
Pitchess Honor Rancho Laundry Expansion	265,000	265,000			
Pitchess Honor Rancho Visitors Center	655,000	655,000			
Mira Loma Men's Medium Security Facility	470,000	470,000			
Temple City Sheriff Station	1,120,000	1,120,000			
Van Nuys Courthouse	11,255,000			11,255,000	
Total 2006 Lease Rev Refg Bonds Ser A	$ 102,785,000	$ 85,000,000	$ 0	$ 17,785,000	$ 0
2006 Lease Rev Refg Bonds Ser B:					
Michael D. Antonovich Antelope Valley Courthouse	$ 95,440,000			$ 95,440,000	
2010 Multiple Capital Projects I, Series A:					
Coroners Expansion/ Refurbishment	$ 3,805,955	$ 3,805,955			
Patriotic Hall Renovation	6,145,932	6,145,932			
Olive View Medical Center ER/TB Unit	7,081,718	7,081,718			
Olive View Medical Center Seismic	2,917,390	2,917,390			
Harbor/UCLA Surgery/ Emergency	44,377,348	44,377,348			
Harbor/UCLA Seismic Retrofit	6,843,176	6,843,176			
Hall of Justice Rehabilitation	31,728,482	31,728,482			
Total 2010 Multiple Capital Projects I, Series A	$ 102,900,000	$ 102,900,000	$ 0	$ 0	$ 0
2010 Multiple Capital Projects I, Series B:					
Coroners Expansion/ Refurbishment	$ 25,447,194	$ 25,447,194			
Patriotic Hall Renovation	41,092,631	41,092,631			
Olive View Medical Center ER/TB Unit	47,349,441	47,349,441			
Olive View Medical Center Seismic	19,506,113	19,506,113			
Harbor/UCLA Surgery/ Emergency	296,713,674	296,713,674			
Harbor/UCLA Seismic Retrofit	45,754,510	45,754,510			
Hall of Justice Rehabilitation	212,141,438	212,141,438			
Total 2010 Multiple Capital Projects I, Series B	$ 688,005,000	$ 688,005,000	$ 0	$ 0	$ 0
Total Long-Term Capital Projects	$ 1,373,062,754	$ 992,661,861	$ 78,874,249	$ 271,616,645	$ 29,910,000
Total Long-Term Obligations	$ 1,373,062,754	$ 992,661,861	$ 78,874,249	$ 271,616,645	$ 29,910,000
Intermediate-Term Obligations					
Equipment					
2009 Lease Rev Bonds Ser A (LAC-CAL): LAC-CAL Equipment Program	$ 10,405,000	$ 6,243,000	$ 4,162,000		
Total Equipment	$ 10,405,000	$ 6,243,000	$ 4,162,000	$ 0	$ 0
Taxable Bonds					
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$ 14,000,000			
Total Intermediate-Term Obligations	$ 24,405,000	$ 20,243,000	$ 4,162,000	$ 0	$ 0
Total Obligations	$ 1,397,467,754	$ 1,012,904,861	$ 83,036,249	$ 271,616,645	$ 29,910,000

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
SUMMARY OF OUTSTANDING GENERAL FUND AND SPECIAL FUND OBLIGATIONS
AS OF NOVEMBER 1, 2011

Title	Outstanding Principal	Total Future Payments		2011-12 FY Payment Remaining
Long-Term Obligations				
Long-Term Capital Projects				
1993 COPs: Disney Parking Project	$ 29,080,473	$ 141,285,000		$ 6,270,000
1998 Refg COPs: Disney Parking Project	58,130,000	86,215,869		1,534,856
2002 Lease Rev Bonds Series A - Edmund D. Edelman Court Project Refunding	3,470,000	3,548,075		3,548,075
2002 Lease Rev Bonds Series B - 2002 Master Refunding Project	17,130,000	20,386,200		3,414,000
2005 Lease Rev Refg Bonds Series A - 2005 Master Refunding Project	244,245,000	328,159,616		38,641,139
2005 Lease Rev Bonds Series A - 2005 Calabasas Landfill Project	29,910,000	39,178,139		3,219,346
2006 Lease Rev Refg Bonds Series A - 2006 Master Refunding Project	76,955,000	84,979,038		1,777,369
2006 Lease Rev Refg Bonds Series B - 2006 Master Refunding Project	92,990,000	154,421,656		2,212,128
2010 Lease Rev Bonds, Series A - 2010 Multiple Capital Projects I	102,900,000	131,101,888		2,479,419
2010 Lease Rev Bonds, Series B - 2010 Multiple Capital Projects I (Federally Taxable)	688,005,000	1,340,888,598	(1)	15,762,629
2011 Lease Rev Bonds - High Desert Solar Complex (Federally Taxable)	14,000,000	14,964,953	(1)	0
Total Long-Term Capital Projects	$ 1,356,815,473	$ 2,345,129,030		$ 78,858,961
Total Long-Term Obligations	$ 1,356,815,473	$ 2,345,129,030		$ 78,858,961
Intermediate-Term Obligations				
Equipment				
2009 Lease Rev Bonds Series A - LAC-CAL Equipment Program	$ 10,405,000	$ 10,983,125		$ 6,595,125
Total Equipment	$ 10,405,000	$ 10,983,125		$ 6,595,125
Taxable Bonds				
2009 Lease Rev Bonds Series 2009 (LA Opera)	$ 14,000,000	$14,932,167		$ 658,000
Total Intermediate-Term Obligations	$ 24,405,000	$ 25,915,292		$ 7,253,125
Total Obligations	$ 1,381,220,473	$ 2,371,044,322		$ 86,112,086

COPs = Certificates of Participation

(1) Total Future Payments reflects the County's net future payment obligation after receipt of a Federal interest subsidy authorized by the American Recovery and Reinvestment Act (ARRA) of 2009.

Source: Los Angeles County Chief Executive Office
Note: Amounts do not include Tax Exempt Commercial Paper

COUNTY OF LOS ANGELES
ESTIMATED OVERLAPPING DEBT STATEMENT AS OF NOVEMBER 1, 2011
Full Cash Value (2011-12): $941,113,340,692 (after deducting $137,535,643,001 redevelopment incremental valuation; including unitary utility valuation)

	Applicable %	Debt as of 11/1/11
DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		
Los Angeles County Flood Control District	100.000 %	$ 53,795,000
Metropolitan Water District	47.648	107,367,621
Los Angeles Community College District	100.000	3,504,910,000
Other Community College Districts	Various (1)	1,917,491,345
Arcadia Unified School District	100.000	169,484,793
Beverly Hills Unified School District	100.000	181,574,280
Glendale Unified School District	100.000	171,694,986
Long Beach Unified School District	100.000	545,492,292
Los Angeles Unified School District	100.000	11,718,855,000
Pasadena Unified School District	100.000	271,585,000
Pomona Unified School District	100.000	208,243,331
Santa Monica-Malibu Unified School District	100.000	221,815,034
Torrance Unified School District	100.000	194,008,533
Other Unified School Districts	Various (1)	2,812,356,751
High School and School Districts	Various (1)	1,399,524,503
City of Los Angeles	100.000	1,233,455,000
City of Los Angeles Special Tax Lease Revenue Bonds	100.000	39,340,000
City of Industry	100.000	146,695,000
Other Cities	100.000	86,490,000
Special Districts	100.000	5,575,000
Community Facilities Districts	100.000	825,247,204
Los Angeles County Regional Park & Open Space Assessment District	100.000	170,725,000
1915 Act and Benefit Assessment Bonds - Estimate	100.000	140,929,337
TOTAL DIRECT AND OVERLAPPING TAX AND ASSESSMENT DEBT		$ 26,126,655,010
DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		
Los Angeles County General Fund Obligations	**100.000 %**	**$ 1,465,825,474**
Los Angeles County Office of Education Certificates of Participation	100.000	11,269,678
Community College District Certificates of Participation	Various (2)	70,822,736
Baldwin Park Unified School District Certificates of Participation	100.000	53,215,000
Compton Unified School District Certificates of Participation	100.000	29,560,000
Los Angeles Unified School District Certificates of Participation	100.000	476,195,935
Pomona Unified School District Certificates of Participation	100.000	30,100,000
Other Unified School District Certificates of Participation	Various (2)	156,607,068
High School and School District General Fund Obligations	Various (2)	157,113,145
City of Beverly Hills General Fund Obligations	100.000	242,720,000
City of Los Angeles General Fund and Judgment Obligations	100.000	1,877,110,000
City of Long Beach General Fund Obligations	100.000	214,250,000
City of Long Beach Pension Obligations	100.000	54,520,000
City of Pasadena General Fund Obligations	100.000	501,539,935
City of Pasadena Pension Obligations	100.000	104,825,319
Other Cities' General Fund Obligations	100.000	1,318,741,742
Los Angeles County Sanitation Districts General Fund Obligations	100.000	292,005,026
TOTAL GROSS DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 7,056,421,058
Less: **Los Angeles County Lease Revenue Bonds supported by landfill revenues**		**(17,805,422)**
Los Angeles Unified School District Qualified Zone Academy Bonds supported by investment funds		(32,995,961)
Cities' self-supporting bonds		(157,387,219)
TOTAL NET DIRECT AND OVERLAPPING GENERAL FUND OBLIGATION DEBT		$ 6,848,232,456
GROSS COMBINED TOTAL DEBT		$ 33,183,076,068 (3)
NET COMBINED TOTAL DEBT		$ 32,974,887,466

(1) All 100%, or almost 100%, except for Antelope Valley Joint Union High School and Community College District, Fullerton Union High School District, Las Virgenes Joint Unified School District, North Orange County Joint Community College District, and the schools and special districts included in them.
(2) All 100%, or almost 100%, except for Fullerton Union High School District, Las Virgenes Joint Unified School District, Snowline Joint Unified School District, Victor Valley Joint Community College District, and the schools and special districts included in them.
(3) Excludes tax and revenue anticipation notes, enterprise revenue, mortgage revenue and tax allocation bonds and non-bonded capital lease obligations. Except for Los Angeles Unified School District Qualified Zone Academy Bonds (QZABs) are included based on principal due at maturity.

RATIOS TO 2011-12 ASSESSED VALUATION	
Total Direct and Overlapping Tax and Assessment Debt	2.420 %

RATIOS TO FULL CASH VALUE (ADJUSTED ASSESSED VALUATION)	
Gross Combined Direct Debt ($1,465,825,474)	**0.160 %**
Net Combined Direct Debt ($1,448,020,052)	**0.150 %**
Gross Combined Total Debt	3.530 %
Net Combined Total Debt	3.500 %

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/11: $ 0

Source: California Municipal Statistics. The above report is included for general information purposes only. The County has not reviewed the debt report for completeness or accuracy and makes no representations in connection therewith.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Economic Overview

With a 2010 Gross Domestic Product ("GDP") of $508.9 billion, Los Angeles County's economy is larger than that of 45 states and all but 19 countries. Los Angeles County serves as the central trade district for the western United States and the U.S. gateway to the Asian economies, as it has evolved into a leader in international commerce and investments. The County's economy experienced mild improvement in 2010, with a slight increase of 1.8% in economic output (as measured by Gross Product), a 2.4% increase in personal income and a 7.0% increase in taxable retail sales. The economic recovery is expected to continue in 2011, with growth projected for several sectors of the local economy. The information, health services, leisure & hospitality, and educational service sectors of the local economy are among those expected to experience growth, while other sectors of the economy such as government, construction and finance & insurance are projected to struggle in 2011.

Los Angeles County's unemployment rate averaged 12.6% in 2010, but the labor market is showing a gradual improvement in 2011 with the jobless rate edging down to 12.2%. With the subtle signs of stabilization in local economy in 2011, the unemployment rate is projected to decline further in 2012 to 11.5%. Total non-farm employment is expected to increase by +0.7% (28,000 jobs) in 2011 after a decline in the number of jobs of -1.4% (-60,400) in 2010. The significant job losses in the last two years were partially offset by the positive impact of major public and private construction projects. With over $16 billion in voter approved general obligation bond measures, historically low interest rates and financing programs and subsidies provided by the Federal government under ARRA, local school and community college districts have undertaken major capital construction projects. The increase in sales tax revenue ensuing from the 2008 voter-approved Measure R, provides funding for major highway and transit projects that are currently underway throughout the County. In addition, hospitals throughout Los Angeles County are engaged in building programs to meet stricter earthquake standards and other regulatory requirements, while the new Civic Park and the Broad Art Museum projects are also increasing construction activity in the heart of the downtown area. These major construction projects, combined with the terminal expansions under way at the two primary sea ports (Los Angeles and Long Beach) and the expansion of the Bradley International Terminal at the Los Angeles International Airport ("LAX"), have provided continued support to a struggling job market in the County.

In terms of its industrial base, diversity continues to be Los Angeles County's greatest strength, with wholesale and retail trade, manufacturing, and leisure and hospitality being the leading employment sectors in the private economy. The Los Angeles Customs District ("LACD"), which includes LAX, Port Hueneme, Port of Los Angeles, and Port of Long Beach, is the largest customs district in the nation. The Los Angeles region is the largest manufacturing center in the nation, with over 374,000 workers employed in this sector in 2010. The two major seaports (Port of Los Angeles and Port of Long Beach) encompass the largest port complex in the nation as measured by cargo tonnage and the number of containers handled, and is ranked sixth among world's largest port facilities.

Quality of Life

Higher Education

Los Angeles County is home to an extensive education system, with 120 colleges and university campuses, including UCLA; five state university campuses; 21 community colleges; prestigious private universities such as USC, Occidental and Claremont College; religious-affiliated universities such as Pepperdine and Azusa Pacific; renowned technology schools such as the California Institute of Technology and the affiliated Jet Propulsion Laboratory; and specialized institutions such as the California Institute of the Arts, the Art Center College of Design, the Fashion Institute of Design and Merchandising, and the Otis College of Art and Design.

Culture

Los Angeles County is the cultural center of the western United States and has been referred to as the "entertainment capital of the world", offering world-class museums, theaters, and music venues. The County is home to the world's leading movie studios, television networks, recording studios video game developers, publishers and artists, creating one of the largest centers for art and entertainment activity in the nation.

The Performing Arts Center of Los Angeles County, which includes the Dorothy Chandler Pavilion, Ahmanson Theater, Mark Taper Forum and Walt Disney Concert Hall, is one of the three largest performing art venues in the nation. Los Angeles County features more musical and theatrical productions and has more weekly openings than most major cities in the world. The County is home to the Los Angeles Philharmonic Orchestra, which is recognized as one of the finest symphony orchestras in the world.

Los Angeles County has among the largest number of museums per capita relative to other large metropolitan areas in the world. The area's museums showcase some of the world's finest collections of art, sculpture, manuscripts, and antiquities; as well as providing a historical overview of the area's ethnic heritage and experience. Major institutions include the Los Angeles County Museum of Art, the Los Angeles County Museum of Natural History, the Norton Simon Museum, the J. Paul Getty Museum, the Museum of Contemporary Art, and the Huntington Library.

Recreation

With its geographic size, location, topography, mild climate, and an average of 329 days of sunshine per year, Los Angeles County offers a full spectrum of recreational activities that are enjoyed by residents and visitors on a year-round basis. The County owns and maintains the world's largest man-made recreational harbor at Marina del Rey, and manages 63,000 acres of parks, trails, natural habitat and the world's largest public golf course system. Each year, millions of people visit the County's 31 miles of public beaches stretching along its 75-mile coastline, with bike enthusiasts able to enjoy the County's 22-mile beach bikeway.

Millions of visitors continue to enjoy the County's multitude of amusement parks, zoos, museums, theaters, sporting venues, motion picture and television studios, parklands, and world-renowned restaurants and retail centers. In addition, the County is the host to a number of major annual events such as the January 1st Rose Parade and Rose Bowl game, and the Academy Awards show. Los Angeles County has been a prior host to major sporting events such as the Summer Olympics, the World Cup, and the Super Bowl.

Population

The County of Los Angeles is the most populous county in the U.S. with close to 9.9 million people estimated to be residing within its borders. The County's population makes it equivalent to the eighth largest state in the nation and accounts for approximately 27% of the total population of California. The demographic profile of the County indicates that 47.7% of the population is Hispanic and 52.3% non-Hispanic, of which, 27.8% are White; 13.7% are Asian-Pacific Islander; 8.3% are African American; and 2.5% are other races. The County is also home to the highest number of foreign–born residents in the nation and has the largest population of persons of Chinese, Filipino, Japanese, Korean, Mexican, Salvadoran and Thai descent outside their native countries. With 97 consulates, Los Angeles County has a larger consular corps than any other U.S. city outside of Washington D.C. with more than 220 languages and cultures represented across the County. It is estimated that 75.5% of the adult population has a high school diploma or higher, and 28.4% has a bachelor's degree or higher. Table B illustrates the recent historical growth of the County's population.

Employment

The current economic downturn, which started in late 2007, has affected the entire nation and continues to have a significant adverse impact on the local economy. After experiencing a cyclical low of 4.8% in 2006, the unemployment rate climbed to 12.6% in 2010 and is projected to decrease slightly to 12.2% in 2011. In comparison, the average unemployment rates for the State of California and the nation are projected to be 11.8% and 8.9%, respectively, in 2011. The employment situation in the County has begun to show signs of improvement with a projected 0.7% increase in the number of jobs (28,000). The largest employment gains in 2011 are projected for information (26,100), health services (9,500), and leisure & hospitality (7,900) jobs. The government, construction, and finance & insurance are expected to experience the largest employment contraction in 2011, with the government sector projected to lose an estimated 19,700 jobs in 2011. In 2012, non-farm employment is projected to grow by 1.7% (65,000 jobs), resulting in a lower unemployment rate in the County of 11.5%. Table F details the non-agricultural employment statistics by sector for Los Angeles County from 2006 through 2010.

Personal Income

The total personal income in the County increased by an estimated 2.4% in 2010, after falling by 2.5% in 2009. The 2010 total personal income of $412 billion represents an estimated 25.5% of the total personal income generated in California. The Los Angeles Economic Development Corporation ("LAEDC") is forecasting that personal income will continue to grow in 2011 with a projected increase of 3.6% in 2011 and 5.4% in 2012. Table C provides a summary of the personal income statistics for Los Angeles County from 2006 through 2010.

Consumer Spending

Los Angeles County is a national leader in consumer spending. As reported by LAEDC, the County experienced a 7.0% increase in taxable retail sales in 2010 after a significant decline of 12.7% in 2009. Consumer spending is projected to grow by 7.7% and 6.1% in 2011 and 2012, respectively. The $83.9 billion of taxable retail sales in the County in 2010 represents over 25.41% of the total retail sales in California. Table D provides a summary of taxable retail sales activity in Los Angeles County from 2006 through 2010.

Industry

With an estimated annual economic output of $509 billion in 2010, Los Angeles County continues to rank among the world's largest economies. Its 2010 Gross Product represents approximately 26.8% of the total economic output in California and 3.5% of the Gross Product of the United States. The County's business environment is distinguished by its diversity and balance and it is recognized as a world leader in technology, electronics, energy, communications, and entertainment. The top industries in the manufacturing sector include computer and electronics, apparel, transportation equipment, fabricated metal products, and food. Table A provides the Gross Product statistics for Los Angeles County from 2006 through 2010.

International Trade

Due to its strategic location, broad transportation network and extensive cargo facilities, Los Angeles County has become the leading center of international trade in the United States. The County's airports and extensive port facilities serve as the gateway for the Southern California region's thriving international trade. The value of two-way trade in the LACD experienced a steady increase from 2001 to 2008, resulting in a record level of $355.8 billion in 2008. In 2010, the LACD handled approximately $346.9 billion worth of international trade, which represents a 22.6% increase from 2009 and a significant improvement from the 20.5% decrease in the value of trade that occurred from 2008 to 2009. With the strong performance of the LACD in 2010, the value of two-way trade has recovered close to the record level attained in 2008. The LACD maintained its ranking as the top customs district in the nation for international trade in 2010, with China, Japan, South Korea, Taiwan and Thailand being the top trading partners. The LAEDC is projecting an increase of 6.7% and 4.6% for 2011 and 2012, respectively, in the value of international trade handled through the LACD.

Transportation/Infrastructure

Los Angeles County is one of the world's largest transportation centers. The region's ports, airports, integrated rail and highway facilities are part of an extensive transportation infrastructure that provides valuable service to residents, visitors, and industry.

Airports and Harbors

All transcontinental airlines and many international carriers serve the Los Angeles area through major air terminals at LAX, Long Beach Airport and the Bob Hope Airport in Burbank. LAX is ranked as the seventh busiest airport in the world and third in the United States for passenger traffic. In 2010, LAX served 59.1 million passengers and handled 1.9 million tons of air cargo valued at nearly $84 billion. LAX is reporting a 5.6% increase in passenger traffic from January to August, compared to the same period in 2010. A $4.1 billion capital improvement project is currently underway at LAX, which is expected to generate approximately 40,000 local jobs.

The Ports of Los Angeles and Long Beach are adjacent ports that encompass the nation's largest port complex in terms of annual cargo tonnage and container volume. The combined

Los Angeles/Long Beach port complex has been the fastest growing port facility in the United States, and the two ports are reported by LAEDC to be the busiest port complex in the U.S. and western hemisphere, and the sixth busiest in the world. The port complex is a powerful economic force in the region, with a direct connection to hundreds of thousands of jobs in Southern California and billions of dollars in state and local tax revenue. In 2010, the port complex experienced a 19.3% increase in the volume of cargo from 2009, which represents the largest annual increase in 25 years. The port complex is projected to experience continued growth in 2011 and 2012 of 4.0% and 5.0%, respectively.

The Port of Los Angeles is one of the largest man-made harbors in the world. In 2010, it was ranked as the busiest container port in the United States for the eleventh consecutive year, and the sixteenth busiest in the world, as measured by annual container volume. The Port of Los Angeles covers over 7,500 acres and includes 43 miles of waterfront. The port has 25 passenger and cargo terminals, including facilities to handle automobiles, containers, dry bulk and liquid bulk products. For the calendar year 2010, the port handled over 7.8 million TEUs, which represents a 16.0% increase in container volume from 2009.

The Port of Long Beach is also among the world's busiest container ports, and was ranked behind the Port of Los Angeles as the second busiest port in the nation, and the seventeenth busiest in the world in 2010. The Port of Long Beach port covers over 3,200 acres with 10 separate piers. In 2010, the port handled over 6.3 million TEUs of container cargo, which represents an increase of 23.6% from 2009.

Port Expansion

The Ports of Los Angeles and Long Beach are currently in the process of major ongoing expansion programs that will facilitate further growth and expansion of trade activity. The expansion of port facilities will continue to have a positive economic impact on the region through the creation of new jobs in the trade-related sectors of the local economy. The various expansion related projects will enable the region to more effectively manage higher volumes of imports and exports and provide a faster and more efficient system for the transportation of cargo from the port complex to markets nationwide.

Metro System

The Metro System is a multi-modal and integrated passenger transportation system that provides service to the greater Los Angeles area. The Metro System was designed to meet the travel needs of the area's diverse population centers through a variety of transportation services that will be implemented over a 30-year period. The integrated Metro System is administered and operated by the Los Angeles County Metropolitan Transportation Authority ("MTA"), which is responsible for the planning, design, construction and operation of the public transportation system for Los Angeles County. The Fiscal Year 2011-12 operating budget for the MTA is $4.15 billion, which is funded primarily through voter approved State and local sales taxes, State gasoline taxes, and various Federal, State and local grants.

Visitor and Convention Business

Tens of millions of visitors travel to Southern California each year, providing a significant contribution to the County's economy. In 2010, the Los Angeles region hosted an estimated 25.7 million overnight visitors, representing an 8% increase from 2009. The newly built hotels in downtown and Hollywood are attracting business as well as leisure travelers to the County. According to the Los Angeles Convention and Visitors Bureau, the Los Angeles region was the third ranked destination for overseas visitors in 2010, with tourists and business travelers spending $13.1 billion (as reported by LAEDC), representing a significant increase of 10.4% from 2009. The new convention center hotel and the higher number of conferences scheduled for 2011 and 2012 as well as the opening of Broad Museum and Space Shuttle Endeavor Exhibit at the California Science center in 2013 will help facilitate continued growth in this sector of the local economy. The number of visitors is expected to increase by over 2% in 2011 to 26.3 million.

Real Estate and Construction

The residential housing market in Los Angeles County experienced a significant downturn starting in late 2007. The average annual median price for new and existing homes decreased by nearly 40% from a peak of $532,281 in 2007 to an average low of $321,550 in 2009. In 2009, the real estate market began to stabilize and showed signs of recovery in 2010, with the average median home price increasing by over 4.3% to $335,363. Despite the modest increase in home values, the volume of home sales decreased by 4.6% from 81,072 in 2009 to 77,308 in 2010. Other positive indicators of stabilizing housing market include a 34.9% reduction in the Notices of Default Recorded from 105,433 in 2009 to 68,603 in 2010; and a 3.8% decrease in the number of foreclosures from 32,112 in 2009 to 30,907 in 2010. The current foreclosure trend is more positive than what is reflected in the annual statistics, as the number of foreclosures decreased by nearly 32% from the 4th quarter of 2009 to the 4th quarter of 2010. The positive trend in foreclosures has continued in 2011, with the first six months of the year reflecting an 8% decrease in the number of foreclosures compared to the same period in 2010.

The non-residential real estate sector experienced further difficulties in 2010 with higher vacancies, declining lease rates and falling property values. The total non-residential building valuation of $2.68 billion in 2010 represents a slight decrease of 0.1% from 2009. Construction lending experienced a significant decrease of 13.7% from $2.47 billion in 2009 to $2.13 billion in 2010. Despite business expansions and the continuation of major construction projects throughout the County, the commercial real estate sector continued to struggle in 2010. The vacancy rate for the office market increased by over 6% to a cyclical high of 17% in 2010. The vacancy rate for the industrial market decreased slightly to 3.2% in 2010, but is essentially unchanged from the cyclical high of 3.3% in 2009.

Despite the severe downturn in the housing market from 2007 to 2009, Los Angeles County has maintained stable assessed valuations. The stability of the property tax base is primarily due to the significant amount "stored value" in the secured property tax roll as a result of Proposition 13. For Fiscal Year 2010-11, the Los Angeles County Assessor reported a Net Local Roll of $1.042 trillion, which represented a 1.9% decrease from the Net Local Roll of $1.062 trillion in Fiscal Year 2009-10. For Fiscal Year 2011-12, the Assessor reported a Net Local Roll of $1.056 trillion, which represents a 1.36% increase from the prior fiscal year.

TABLE A: GROSS PRODUCT OF LOS ANGELES COUNTY (in millions of $)

	2006	2007	2008	2009	2010
Los Angeles County	$446,800	$508,000	$513,600	$499,800	$508,900
State of California	1,727,400	1,798,300	1,846,800	1,812,400	1,901,100
United States	13,244,600	13,794,200	14,441,440	14,256,280	14,657,800
Los Angeles County as a % of California	25.87%	28.25%	27.81%	27.58%	26.77%

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE B: POPULATION LEVELS

	2006	2007	2008	2009	2010
Los Angeles County	9,755,900	9,728,000	9,771,500	9,831,900	9,880,600
State of California	35,947,500	36,185,900	36,538,000	36,887,600	37,266,600
Los Angeles County as a % of California	27.14%	26.88%	26.74%	26.65%	26.51%

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE C: TOTAL PERSONAL INCOME: HISTORICAL SUMMARY BY COUNTY (in millions of $)

	2006	2007	2008	2009	2010
Los Angeles County	$385,724	$400,366	$412,639	$402,459	$412,235
Orange County	150,598	153,447	155,068	148,373	153,269
Riverside and San Bernardino Counties	116,900	123,000	125,000	123,000	125,800
Ventura County	35,700	37,300	37,500	36,900	37,800
State of California	1,495,500	1,566,400	1,604,200	1,567,000	1,614,600
Los Angeles County as a % of California	25.79%	25.56%	25.72%	25.68%	25.53%

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE D: TAXABLE RETAIL SALES IN LOS ANGELES COUNTY (in millions of $)

	2006	2007	2008	2009	2010
Los Angeles County	$95,544	$96,096	$89,810	$78,444	$83,900
State of California	389,100	387,000	357,300	311,200	330,200
Los Angeles County as a % of California	24.56%	24.83%	25.14%	25.21%	25.41%

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE E: UNEMPLOYMENT RATES

	2006	2007	2008	2009	2010
Los Angeles County	4.8%	5.1%	7.5%	11.5%	12.6%
State of California	4.9%	5.2%	7.2%	11.3%	12.4%
United States	4.6%	4.6%	5.8%	9.3%	9.7%

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE F: ESTIMATED AVERAGE ANNUAL EMPLOYMENT IN LOS ANGELES COUNTY BY SECTOR

Non-Agricultural Wage and Salary Workers (in thousands)

Employment Sector	2006	2007	2008	2009	2010
Wholesale & Retail Trade	649.0	653.0	640.2	591.5	588.1
Government	589.4	595.7	603.7	595.8	576.6
Health Care & Social Assistance	381.4	389.7	400.7	404.6	410.5
Leisure & Hospitality	388.6	397.9	401.6	385.6	384.6
Manufacturing	461.7	449.2	434.5	389.2	374.2
Professional, Scientific & Technical Services	264.0	273.9	269.6	250.2	245.7
Administrative & Support Services	271.9	272.7	256.4	225.3	228.3
Information	205.6	209.8	210.3	191.2	192.4
Transportation & Utilities	165.2	165.6	163.1	151.2	150.3
Finance & Insurance	166.9	163.6	153.9	142.3	137.8
Educational Services	99.4	102.9	105.1	110.1	112.2
Construction	157.5	157.6	145.2	117.3	104.3
Real Estate	79.8	80.3	79.4	73.8	71.4
Management of Enterprises	63.0	58.8	56.7	54.4	52.1
Other	149.2	151.5	150.5	142.0	140.5
Total	4,092.6	4,122.2	4,070.9	3,824.5	3,769.0

Source: Los Angeles Economic Development Corporation - 2011-2012 Mid-Year Economic Forecast and Industry Outlook July 2011

TABLE G: SUMMARY OF AIRPORT AND PORT ACTIVITY (in thousands)

Type of Activity	2006	2007	2008	2009	2010
International Air Cargo (Tons)					
Los Angeles International Airport	1,113.6	1,138.6	996.5	916.0	1,125.2
As Percentage of Total Air Cargo	52.95%	54.80%	55.47%	55.05%	58.40%
Total Air Cargo (Tons)					
Los Angeles International Airport	2,103.1	2,077.5	1,796.5	1,663.9	1,926.8
Bob Hope Airport (Burbank)	57.6	53.7	42.9	44.4	48.1
Total	2,160.7	2,131.3	1,839.4	1,708.2	1,974.9
International Air Passengers					
Los Angeles International Airport	16,910.7	17,248.0	16,685.8	15,100.9	15,935.3
As Percentage of Total Passengers	27.70%	27.62%	27.89%	26.72%	26.98%
Total Air Passengers					
Los Angeles International Airport	61,041.1	62,438.6	59,820.8	56,520.8	59,069.4
Bob Hope Airport (Burbank)	5,689.3	5,921.3	5,331.4	4,588.4	4,461.3
Total	66,730.4	68,359.9	65,152.2	61,109.2	63,530.7
Container Volume (TEUs)					
Port of Los Angeles	8,469.9	8,355.0	7,850.0	6,749.0	7,831.9
Port of Long Beach	7,290.4	7,312.5	6,487.8	5,067.6	6,263.5
Total	15,760.3	15,667.5	14,337.8	11,816.6	14,095.4

Source: Los Angeles World Airports, LAX - Statistics; Burbank Airport - Statistics; Port of Los Angeles- Statistics; Port of Long Beach - Statistics

TABLE H: VALUE OF INTERNATIONAL TRADE AT MAJOR CUSTOMS DISTRICTS (in millions of $)

Customs District	2006	2007	2008	2009	2010
Los Angeles, CA	$326,400	$347,300	$355,800	$282,900	$346,900
New York, NY	294,700	323,600	353,400	266,700	326,300
Detroit, MI	239,800	248,900	236,400	170,800	218,100
Houston, TX	162,800	184,700	242,100	165,800	211,500
New Orleans, LA	149,900	172,700	214,200	149,800	191,200
Laredo, TX	156,000	166,400	173,300	146,000	184,400
Chicago, IL	120,800	132,900	153,300	127,900	160,800
Seattle, WA	108,500	119,400	120,400	101,500	110,900
Savannah, GA	82,100	93,400	101,000	87,200	108,500
San Francisco, CA	110,600	111,700	114,100	86,400	107,200

Source: Los Angeles Economic Development Corporation - International Trade Trends

TABLE I: TOTAL TONNAGE OF MAJOR WEST COAST PORTS (in thousands)

Port	2006	2007	2008	2009	2010
Los Angeles-Long Beach, CA	210,503	211,747	201,456	167,866	193,591
Seattle, WA	28,692	29,514	26,731	25,070	31,337
Oakland, CA	28,597	29,449	28,416	27,872	29,475
Tacoma, WA	32,516	33,753	34,701	28,701	27,507
Portland, OR	20,173	23,167	21,683	16,348	19,661
Kalama, WA	8,444	9,624	12,320	9,065	11,653
Vancouver, WA	5,441	6,173	5,903	5,135	6,110
San Diego, CA	6,705	6,548	5,557	3,506	4,074
Port Hueneme	4,571	3,971	3,571	2,998	3,356

Source: Los Angeles Economic Development Corporation - International Trade Trends

TABLE J: INTERNATIONAL CONTAINER TRAFFIC AT MAJOR U.S. PORTS (in thousands)

Port	2006	2007	2008	2009	2010
Los Angeles-Long Beach, CA	15,760	15,667	14,338	11,817	14,095
New York, NY	5,086	5,299	5,265	4,562	5,292
Savannah, GA	2,160	2,604	2,616	2,357	2,825
Oakland, CA	2,392	2,388	2,236	2,045	2,330
Seattle, WA	1,987	1,974	1,704	1,585	2,140
Norfolk, VA	2,046	2,128	2,083	1,745	1,895
Houston, TX	1,607	1,772	1,795	1,797	1,812
Tacoma, WA	1,552	1,403	1,861	1,546	1,455
Charleston, SC	1,968	1,754	1,636	1,368	1,280

Source: Los Angeles Economic Development Corporation - International Trade Trends

TABLE K: REAL ESTATE AND CONSTRUCTION INDICATORS IN LOS ANGELES COUNTY

Indicator	2006	2007	2008	2009	2010
1. Construction Lending (in millions)	$ 8,435	$ 6,886	$ 3,520	$ 2,465	$ 2,128
2. Residential Purchase Lending (in millions)	$ 57,046	$ 38,388	$ 22,256	$ 22,111	$ 22,491
3. New & Existing Median Home Prices	$ 511,365	$ 532,281	$ 397,474	$ 321,550	$ 335,363
4. New & Existing Home Sales	109,212	74,917	65,278	81,072	77,308
5. Notices of Default Recorded	26,296	53,414	84,806	105,433	68,603
6. Unsold New Housing (at year-end)	3,630	4,273	3,117	1,629	1,997
7. Office Market Vacancy Rates	9.4%	9.7%	12.2%	16.0%	17.0%
8. Industrial Market Vacancy Rates	1.5%	1.5%	2.2%	3.3%	3.2%

Source: Real Estate Research Council of Southern California - 2nd Quarter 2011

TABLE L: BUILDING PERMITS AND VALUATIONS

	2006	2007	2008	2009	2010
Residential Building Permits					
1. New Residential Permits (Units)					
a. Single Family	10,097	7,509	3,539	2,131	2,439
b. Multi-Family	16,251	12,854	10,165	3,522	5,029
Total Residential Building Permits	26,348	20,363	13,704	5,653	7,468
Building Valuations					
2. Residential Building Valuations (in millions of $)					
a. Single Family	$ 2,561	$ 2,048	$ 1,134	$ 798	$ 922
b. Multi-Family	2,205	2,011	1,409	522	811
c. Alterations and Additions	1,982	1,898	1,411	1,073	1,110
Residential Building Valuations Subtotal	$ 6,748	$ 5,957	$ 3,954	$ 2,393	$ 2,843
3. Non-Residential Building Valuations (in millions of $)					
a. Office Buildings	$ 241	$ 716	$ 446	$ 192	$ 133
b. Retail Buildings	482	493	469	222	263
c. Hotels and Motels	119	343	256	11	28
d. Industrial Buildings	182	109	135	40	56
e. Alterations and Additions	1,694	2,005	2,158	1,658	1,662
f. Other	1,178	1,073	1,027	551	535
Non-Residential Building Valuations Subtotal	$ 3,896	$ 4,739	$ 4,491	$ 2,674	$ 2,677
Total Building Valuations (in millions)	$ 10,644	$ 10,696	$ 8,445	$ 5,067	$ 5,520

Source: Real Estate Research Council of Southern California - 2nd Quarter 2011

TABLE M: LARGEST PRIVATE SECTOR EMPLOYERS IN LOS ANGELES COUNTY

	Company (in order of 2010 Ranking)	Industry	Headquarters	No. of Employees L.A. County	No. of Employees Total
1	Kaiser Permanente	Health Care Provider	Oakland, CA	32,700	157,818
2	Northrop Grumman Corp.	Aerospace/Defense Contractor	Washington D. C.	19,000	120,700
3	University of Southern California	Education - Private University	Los Angeles, CA	15,121	15,121
4	Boeing Co.	Aerospace/Defense Contractor	Chicago, IL	13,623	159,879
5	Ralph/Food 4 Less (division of Kroger Co.)	Grocery Retailer	Cincinnati, OH	13,500	N/A
6	Target Corp.	Retailer	Minneapolis, MN	13,000	351,000
7	Bank of America Corp.	Banking and Financial Services	Charlotte, NC	12,000	N/A
8	Cedars-Sinai Medical Center	Medical Center	Los Angeles, CA	10,467	N/A
9	The Home Depot	Home Improvement Specialty Retailer	Atlanta, GA	10,000	210,000
10	Providence Health & Services	Medical Centers	Renton, WA	9,960	51,725
11	Wells Fargo	Diversified Financial Services	San Francisco, CA	9,900	270,000
12	Vons	Grocery Retailer	Pleasanton, CA	9,176	185,171
13	ABM Industries, Inc.	Facility Services, Janitorial, Parking	San Francisco, CA	8,800	102,000
14	AT&T Inc.	Telecommunications	Dallas, TX	8,505	276,280
15	California Institute of Technology	Private University and Jet Propulsion Lab	Pasadena, CA	8,400	8,400
16	Fedex Corp.	Shipping and Logistics	Memphis, TN	7,700	275,000
17	Catholic Healthcare West	Hospitals	San Francisco, CA	7,200	54,000
18	Amgen Inc.	Biotechnology	Thousand Oaks, CA	6,700	16,750
19	JPMorgan Chase	Banking and Financial Services	New York, NY	6,000	232,939
20	Long Beach Memorial Medical Ctr.	Regional Hospital	Huntington Beach, CA	5,200	N/A
21	UPS	Transportation and Freight	Atlanta, GA	5,000	420,000
22	Children's Hospital Los Angeles	Hospital	Los Angeles, CA	4,200	N/A
23	Toyota Motor Sales U.S.A. Inc	Sales, Distribution, Customer Service	Torrance, CA	4,100	35,000
24	Adventist Health	Hospitals	Roseville, CA	3,700	17,000
25	Huntington Memorial Hospital	Not-for-profit Community Hospital	Pasadena, CA	3,251	3,251

N/A - Not Available
Source: Los Angeles Business Journal - The largest employers ranked by number of employees in L.A. County - September 2010

APPENDIX B

THE COUNTY OF LOS ANGELES AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2011

APPENDIX C

SUMMARY OF PRINCIPAL LEGAL DOCUMENTS

APPENDIX D

BOOK-ENTRY ONLY SYSTEM

BOOK-ENTRY ONLY SYSTEM

The information in this Appendix D concerning The Depository Trust Company ("DTC"), New York, New York, and DTC's book entry system has been obtained from DTC, and the Authority, the County and the Underwriters take no responsibility for the completeness or accuracy thereof. The Authority, the County and the Underwriters cannot and do not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners (a) payments of interest, principal or premium, if any, with respect to the 2012 Refunding Certificates, (b) certificates representing ownership interest in or other confirmation or ownership interest in the 2012 Refunding Certificates, or (c) prepayment or other notices sent to DTC or Cede & Co., its nominee, as the registered owner of the 2012 Refunding Certificates, or that they will do so on a timely basis, or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Appendix D. The current "Rules" applicable to DTC are on file with the Securities and Exchange Commission and the current "Procedures" of DTC to be followed in dealing with DTC Participants are on file with DTC.

DTC will act as securities depository for the 2012 Refunding Certificates. The 2012 Refunding Certificates will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered security certificate will be issued for each coupon and maturity of each Series of 2012 Refunding Certificates, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to DTC's Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org. The information on these websites is not incorporated herein by reference.

Purchases of the 2012 Refunding Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2012 Refunding Certificates on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2012 Refunding Certificates are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial

Owners will not receive certificates representing their ownership interests in the 2012 Refunding Certificates, except in the event that use of the book-entry system for the 2012 Refunding Certificates is discontinued.

To facilitate subsequent transfers, all 2012 Refunding Certificates deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of the 2012 Refunding Certificates with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2012 Refunding Certificates; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2012 Refunding Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2012 Refunding Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2012 Refunding Certificates, such as prepayments, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of the 2012 Refunding Certificates may wish to ascertain that the nominee holding the 2012 Refunding Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Prepayment notices shall be sent to DTC. If less than all of the 2012 Refunding Certificates within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed, unless otherwise provided.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2012 Refunding Certificates unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2012 Refunding Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments of principal, interest and premium, if any, with respect to the 2012 Refunding Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Authority or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), the Trustee, or the Authority, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and prepayment premium, if any, with respect to the 2012 Refunding Certificates to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Authority or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

NONE OF THE AUTHORITY, THE COUNTY, THE UNDERWRITERS OR THE TRUSTEE WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS WITH RESPECT TO THE PAYMENTS OR THE PROVIDING OF NOTICE TO DTC PARTICIPANTS, INDIRECT PARTICIPANTS OR BENEFICIAL OWNERS OR THE SELECTION OF 2012 Refunding Certificates FOR PREPAYMENT.

None of the Authority, the County or the Trustee can give any assurances that DTC, DTC Participants, Indirect Participants or others will distribute payments of principal, premium, if any, and interest with respect to the 2012 Refunding Certificates paid to DTC or its nominee, as the registered Owner, or any prepayment or other notice, to the Beneficial Owners or that they will do so on a timely basis or that DTC will serve and act in a manner described in this Official Statement.

DTC may discontinue providing its services as depository with respect to the 2012 Refunding Certificates at any time by giving reasonable notice to the Authority or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered. The Authority may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, 2012 Refunding Certificates will be printed and delivered. In the event that the book-entry system is discontinued as described above, the requirements of the Trust Agreement will apply.

APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX F

FORM OF OPINION OF SPECIAL COUNSEL

Upon execution and delivery of the 2012 Refunding Certificates, Orrick, Herrington & Sutcliffe LLP, Special Counsel to the County, proposes to render its final opinion in substantially the following form:

[TO COME]